

THE TIMES

Liberals draw back from breaking pact with Labour

Liberal MPs decided last night to maintain the parliamentary pact with the Government in spite of their announcement earlier in the day that the failure of most Labour MPs to support proportional representation in elections to the European Parliament was "calculated to destroy the Lib-Lab agreement".

Early recall of party assembly expected

By Fred Emery
Political Editor

Liberals MPs compensated breaking off their agreement to support the Government last night but decided to wait until they could find a more striking ground for divorce. They had been provoked to a higher pitch of dismay by the Labour Left's part in Tuesday's heavy Commons defeat for proportional representation.

Mr Steel, the party leader, speaking on BBC television after his third meeting with the Prime Minister in 24 hours, conceded that it would be "difficult to keep the agreement going" in spite of his own wish to do so. He denied at the suggestion that the party was waiting for a sharper issue.

But his colleagues say that Mr Steel bowed to their view that the pact cannot continue for the rest of this parliamentary session, as he had hoped. They say the only remaining division among the 12 MPs who attended last night's final meeting was between those who thought the pact should end in January and those who thought it might end in April.

The lone rebel remains Mr Cyril Smith, who expressed disgust at his colleagues' antics yesterday.

He said on BBC television that he believed there was "no price too small for David Steel to pay to carry on the pact." He professed himself shattered that his colleagues would allow themselves to be so humiliates by Labour, and held his party to be "chicken-livered".

Mr Smith showed perspicacity about its being an extraordinary day. After the morning's castigation of the Parliamentary Labour Party's majority having "calculated to destroy the Lib-Lab agreement" (by their vote, an the European Assembly Bill), the evening (a few meetings later) saw Liberals denouncing Mrs Thatcher's trap (the Conservative vote on P.R.). Mr Steel said: "We are not going to fall for that."

But Mr Steel, on television, clearly wanted viewers to fall for his view of the pact. He said that getting the economy right was all that mattered; for too long politicians had dodged difficult questions. Now, at last, he had someone - Mr Callaghan's Government, evidently - who would take those decisions.

His critics should wait until the end of the day when things come our right and the party could draw some benefit.

Mr Steel would not say on television whether he had told his colleagues he would resign if they pressed for a quick end to the pact. But it is said that he did not need to.

It remains however, that the way Labour MPs helped to defeat the P.R. vote in the debate on the European assembly elections Bill will trigger a calling of the party's special assembly. Three leading Liberal officers are holding discussions and it is expected that by the end of the week they will announce the holding of an assembly in the new year.

It was not clear last night what precisely had persuaded the Liberals to give in when earlier in the day they had seemed bent on plunging into whatever crisis might arise.

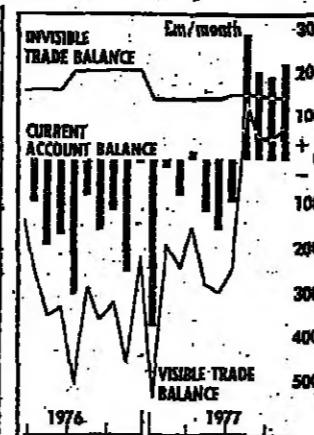
The 12 MPs at the morning meeting had unanimously proclaimed that the failure of an overall majority of Labour's MPs to support the Government's P.R. proposal was, in the words of a terse announcement "calculated to destroy the Lib-

Tate and Lyle after a 31-hour public hearing.

ATV is still hoping to screen the uncut version of a television film containing controversial interviews with Tate and Lyle sugar workers in South Africa despite the cancellation of the programme after a High Court injunction yesterday.

The film, *Working for Britain*, was the third in a documentary series, *The South African Experience*. It was due to be broadcast at 9 o'clock last night but was replaced at four hours' notice with a previously broadcast *Whicker's World* programme.

The six-day injunction against showing the interviews, only a few minutes of the hour-long documentary, was obtained by



£218m trade surplus in November

By Caroline Atkinson

Britain has had a healthy surplus on the trade and current accounts for the fourth month in succession.

The November £73m visible trade surplus (exports less imports of goods) was well above most City expectations. Together with the usual surplus on invisible trade this led to a £218m surplus on the current account of the balance of payments.

One Egyptian official said: "The action is in Washington."

Indeed, the congratulatory message to the delegates from Mr Begin as he set off on his mission "in the cause of and on behalf of peace", seemed to belie the statement made by his delegate, Dr Elyahu Ben-Elissar, who told the conference: "We, the countries involved in the conflict, can resolve the problems that have to be solved. If there is a lesson to be learnt from our long dispute, it is that peace cannot be made by proxy."

The opening meeting lasted

only one hour, a good part of

which was passed in silence

while hundreds of journalists

trooped through the room. The

proceedings consisted simply

of four short speeches by each

of the four heads of delegations:

Dr Esamat Abdul Megid

for Egypt, Dr Ben-Elissar

for Israel, Mr Alfred Atherton

for the United States and General

Easio Silasvuo for the United

Nations.

Cairo talks open as diplomatic interest switches to US

Mr Begin taking peace proposals approved by his ministers to President Carter

From Edward Mortimer

Cairo, Dec 14

The Cairo conference officially a preparatory meeting for a Geneva peace meeting, began today in the ornate and oriental setting of the dining room of the Mena House Hotel, which was formerly a palace of Egypt's nineteenth century Khedives.

Overshadowed almost literally by the Giza Pyramids, the meeting was overshadowed metaphorically by the news that Mr Begin, the Israeli Prime Minister, was on his way to America, and by speculation that President Sadat might join him there for a trilateral meeting with President Carter.

Egyptian officials said they had no knowledge of any such plan, but were careful not to rule it out, pointing out that Mr Sadat's visit to Israel last month was as much a surprise to them as to everyone else.

One Egyptian official said:

"The action is in Washington."

The November £73m visible trade surplus (exports less imports of goods) was well above most City expectations. Together with the usual surplus on invisible trade this led to a £218m surplus on the current account of the balance of payments.

However, the continued financial improvement masks a much less encouraging picture of the real economy. Exports and imports fell during the month in value and volume.

In the first nine months of this year British exports rose up a very good performance. Export growth outpaced that of the rest of the world and began to make up the losses in world trade shares of 1975 and 1976. This was in line with the hoped for effects on British competitiveness of last year's drop in sterling.

However, since September export volumes have fallen by 8.2 per cent with more than half of this fall last month.

More serious is the fall in manufactured exports, especially marked in metal manufacture and in transport equipment (including cars).

In the three months ending November export volumes were down by 24 per cent on the previous three months. Manufacturers and transport equipment exports were 7 per cent below the average of the previous three months and metal goods were down by 10 per cent.

The rise in the pound in the past few months has had a significant impact on Britain's terms of trade. As the pound is worth more in terms of foreign currencies Britain pays less for its imports, and earns more from its exports.

Imports have been very depressed this year, perhaps reflecting the generally low level of demand in the economy.

However, within the total there have been some worrying increases in the volume of imports of finished manufactured goods. Imports of manufactured goods have been lower in the past three months because of a drop in machine imports for the North Sea. Car imports have been extremely high.

In the latest three months there has been a turnaround of nearly £500m in Britain's current account from a deficit of £395m in the three months to August to a £170m surplus in the three months to November.

However, about £320m of the improvement is because of the opinion held by a group of workers of significant size. It could sympathise with Acas in that it felt that an early report was necessary, and because it

had been extremely high.

In the Lord's judgment, Lord Diplock said Acas was not entitled to make any recommendation as long as it remained in ignorance of the opinions held by a group of workers of significant size. He could sympathise with Acas in that it felt that an early report was necessary, and because it

had been extremely high.

That renders the Government much more precarious and liable to ambush than it has been in the past nine months.

Unless the Government soon comes forward with new proposals to restore a measure of regional government to Northern Ireland Mr Callaghan will not be able to rely in the new year on the neutrality of the Ulster Unionists led by Mr James Molyneaux.

There may not seem to be many votes involved but they could mean the difference between victory or defeat on a confidence motion if cast against the Government.

"Good will needed": Mr Grindon, the former Liberal leader, said on BBC television's *Nationwide* programme last night that he believed the Prime Minister had kept his word of the past that the Press Association reported. It required good will on both sides.

Speaking before his party's MPs decided to continue the pact, he said he thought the Liberals should end it before the next general election, but did not think now was a good moment.

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The analysis is part of the follow-up to the 1974 inquiry into British firms in South Africa carried out by the trade and industry sub-committee of the Commons Expenditure Committee.

The dispute arose after a visit by Mr Anthony Thomas, the film's freelance producer, to a sugar estate at Doornkop, near Durban, in July. Tate and Lyle sold its interest in the estate in September.

The main findings are that seven companies were paying some employees below the poverty datum line (PDL) which is defined as the lowest possible amount on which a family can live under humanly decent conditions in the short run; 49 were paying below the minimum effective level (MEL) which is defined as 150 per cent of PDL.

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Five empty places were left for the parties which have not accepted the Egyptian invitation. These were not labelled in deference to Israeli reluctance to sit down opposite even a table marked "PLO".

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HOME NEWS

TUC 'inner cabinet' to consider impact of Lords' judgment on trade union recognition strategy

By Paul Routledge

Labour Editor

TUC leaders are to consider the impact that the Lords' judgment on Grunwick will have on trade union efforts to win recognition through use of the Employment Protection Act, 1975. Mr James Mortimer, chairman of the Advisory, Conciliation and Arbitration Service (Acas), said last night that the decision would make it more difficult to implement labour law.

The issue will be considered at next Monday's meeting of the TUC's "inner cabinet", its finance and general purposes committee, when proposals for amending the legislation may be made.

Mr Mortimer said the decision was an authoritative statement of the law and would have to be accepted. The ruling would have three main consequences for industrial relations:

First, it will make it more difficult for Acas to carry out its inquiries on trade union recognition among the small minority of firms who are not prepared to cooperate. This minority may be encouraged by

the Lords' decision. Those who seek to obstruct the procedure established by Parliament may now feel themselves at an advantage.

"Undoubtedly, a boost has been given to those who have no sympathy with one of the stated objectives of the Employment Protection Act, namely to encourage collective bargaining."

"Secondly, the lesson will certainly be drawn that when a union is faced by an employer who is not only opposed to recognition but sacks all his workers in dispute and refuses to cooperate in an Acas inquiry the law, and in particular section 11 of the Employment Protection Act, does not provide a satisfactory means of resolving the issue."

"Thirdly, it has been made clear that the workers on strike at Grunwick are properly among the workers to whom the recognition issue relates. This confirms the point of view taken by Acas and contested by the company. This may have a bearing on future cases."

Mr Kenneth GHL, general secretary of the AUEW Technical and Supervisory Section, said:

Change in law urged over Grunwick

Continued from page 1

was confronted with difficulties in canvassing the opinions of workers still employed by the company.

Mr Roy Groomham, general secretary of Acas, which has spent £250,000 on strike pay and legal costs during the dispute, said yesterday that the strike would go on. He had asked Acas to start again on the recognition issue, to go back to the company and seek the opinions of all the workers and strike, and submit another report.

Mr Ward was jubilant. He said: "What matters is to observe the letter of the law, to respect the wishes of your employees and to be morally in the right. I believe the judgment vindicates us on these points."

"I am hopeful, particularly, because the rights of individuals have been reaffirmed by the highest court in the land." Mr Groomham said the Lords' ruling meant that, under the present Employment Protection

service but a state recruiting service for union leaders. Acas would be scrapped and the next Conservative government must pledge itself to repeal the Employment Protection Act."

The dispute has involved mass picketing on a scale not seen in Britain before. Violent clashes between police and arrests led to hundreds of arrests and many injuries. So serious was the violence that Mr Booth, Secretary of State for Employment, set up a court of inquiry under Lord Scarman, which recommended the reinstatement of the workers on strike.

The Acas recommendation went first to the High Court, which found in favour of Acas. The company appealed and the Court of Appeal ruled that the recommendation was void. Acas then appealed to the Lords.

Earlier this week a Central Arbitration Committee tribunal ruled that pay and conditions at Grunwick were no lower than those at similar companies and that a claim by Acas for equal treatment was not well founded. *Law Report*, page 20

Mr George Ward's crusade for 'liberty'

By Robert Parker

For Mr George Ward, managing director of Grunwick, yesterday's ruling in the House of Lords is the culmination of a series of successes that would never have been attained but for his determination to resist what he saw as the bullying tactics of the trade unions.

In the beginning 16 months ago, it was a battle that nobody thought he could win. Mr Ward's stand has evoked strong admiration, almost hero worship, from a class of managers and Conservatives who would like to deal with the unions in the way that he has. The Selsdon group said at the height of the dispute that he was doing the Conservatives' job for them.

But his attitude has evoked fury among trade unionists, who see him as a blindly stubborn employer who has refused to meet justified demands.

Mr Ward will regard yesterday's result as a defeat for what he sees as the inexorable march of collectivism and the corporate state, and he undoubtedly feels that his stand may have turned the tide. His great obsession has become the preservation of what he sees as individual liberty. The left, of course, argues that his philosophy means liberty only for some.

Mr Ward's outlook is perhaps explained by his background and difficult early days. Of Anglo-Indian stock, he has become "more English than the English".

His knowledge of English history is extensive, he quotes Shakespeare during interviews, talks incessantly about the great British traditions and fumes about the way the country is allowing them to slip away.

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Present Land Fund 'fails to hold public confidence'

By Philip Howard

Mrs Jennifer Jenkins, chairman of the Historic Buildings Council for England, told a parliamentary select committee yesterday that the National Land Fund did not command public confidence in its present form. The negotiations leading to the sale of Merton's Towers had not been satisfactorily handled.

Mrs Jenkins and her council were giving evidence to the last public hearing of the environment subcommittee of the Select Committee on Public Expenditure. The subcommittee is expected to publish its report in the spring.

Mrs Jenkins said: "The resources available to the National Land Fund are not adequate to meet the demands of the next few years. Public expenditure controls impose a rigidity that cannot meet the erratic and uncertain demands on the fund."

"The system does not enable the experts to assess to form a general view of the pros and cons of a particular call on the fund and make an agreed recommendation."

Status of Judges' Rules

By Our Legal Correspondent

The finding by Sir Henry Fisher that the police had breached the Judges' Rules in their interrogation of youths involved in the case of Maxwell Confait, the homosexual prostitute murdered at Catford, London, in 1972, has once again drawn attention to the strange status of those rules, and the sometimes ambiguous part they play in the criminal justice process.

They are not statutory, and have no formal legal status. They are drawn up by judges of the Queen's Bench Division under the Lord Chief Justice.

Originally drawn up in 1965 at the request of the police, they are revised from time to time; the last revision was in

1964. The six lengthy rules lay down the conduct expected of the police and the rights to which a person under interrogation is entitled.

A breach by the police of the rules may result in any evidence obtained from the interrogation being declared inadmissible. The decision on that is at the discretion of the trial judge.

Recent experience suggests that, on the whole, judges tend to allow evidence obtained in breach of the rules to be admitted unless the breach has been extremely serious.

That has led to criticism of the rules on the ground that they are of little practical effect, and there have been proposals that they should be made statutory.

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POUR NOËL
ET LE NOUVEL AN*



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HOME NEWS

Labour leaders delay decision on automatic reselection for MPs

By Michael Harfield
Political Reporter

Labour's heated argument over whether MPs should automatically face reselection before a general election part of a campaign organized by the left, was put back into the melting pot yesterday at a meeting of the national executive committee, in which the Prime Minister intervened.

Some right-wing Labour MPs were breathing a sigh of relief last night because they saw themselves as the object of the strategy organized by the Campaign for Labour Party Democracy, which culminated in a resolution to the annual party conference this year.

The resolution was remitted, but it was expected that the national executive, dominated by the left, would bring forward proposals for automatic reselection. It has now been decided to set up a working party, which will include MPs and constituency party representatives, not just members' executive members.

While Mr Ian Mikardo, MP, strongly objected to the working party, first proposed by the party's organization committee on the casting vote of its chairman, Mr Bryan Stanley, of the Post Office Engineering Union, Mr Callaghan said that automatic reselection was not necessarily the best way to run the party. When the executive voted 14 to 11 in favour of

the working party, the Prime Minister, looking but with undisguised relief, said: "I could have left earlier."

Mr Mikardo said everyone knew that the Parliamentary Labour Party was against automatic reselection and suggested that a proposal should be put to the conference, which could defeat it if it wanted to.

Mr Callaghan would have none of it. That is a fortified way of handling it, he said, suggesting that Mr Mikardo was usually far more subtle. "Our object is to try to get agreement with all concerned before we put anything to conference."

The executive committee also held off union pressure for an inquiry into the party's organization and structure, although it agreed that the organization committee should see Mr Bennett, general secretary of the General and Municipal Workers' Union, who first suggested the idea, to hear his views.

Mr Callaghan agreed joined in the debate, agreeing with Mr Foot that it would be best to see what Mr Bennett had to say before taking any further steps.

Mr Mikardo was also against the working party, particularly in what might be a general election year, although the Prime Minister raised doubts on that, when he said that some people had suggested 1978, but he wanted "to make it absolutely clear there was also 1979".

Planning order is withdrawn

By Our Planning Reporter

The Government announced yesterday that it is withdrawing the controversial Town and Country Planning General Development Order for further consideration. The order was intended to relax planning controls and was expected to reduce the number of applications by up to a fifth.

The surprise announcement came only a day after indications that the Government was ready to override opposition, including a motion carried in the Lords last week calling for the order to be withdrawn. On Tuesday evening Mr Shore, secretary of State for the Environment, told journalists that he was willing to consider objections in and outside Parliament, but gave no hint of any immediate action.

Yesterday's statement also said that the Government's response to the report by the Commons expenditure committee on planning procedures would be published shortly.

Jail hostage move

A new office is being built inside Parkhurst prison, Isle of Wight, to reduce the risks to civilian employees of being taken hostage by prisoners.

Mr Keating for trial on £6,000 bail

Tony Keating, aged 60, the Essex artist, was committed at Woolsack Street Magistrates' Court, London, yesterday, for trial at the Central Criminal Court on nine charges relating to the sale of works by him as being those of earlier, better known artists.

He was granted bail in £5,000.

Mr Lionel Evans, aged 45, an antique dealer, of Farnham House, East Bergate, Suffolk, was also sent for trial on bail of £2,000.

Both are jointly accused of conspiracy to defraud and three counts of obtaining money by deception. Mr Keating, of Lower Park, Dedham, alone faces five further charges of making false representations.

The conspiracy charge concerns the false representation of four paintings as the genuine works of Samuel Palmer. The joint deception charges relate to another "Palmer", drawing dated 1825 presented as a genuine Constable; and an oil painting dated 1862 as the work of Cornelius Krieghoff.

The five false representation charges against Mr Keating relate to obtaining cheques for £399, £8,566, £2,750; obtaining a letter authorizing the transfer of £3,500 to Miss Jane Kelly; and obtaining a further cheque for £4,000, all relating to paintings represented as the work of Samuel Palmer.

Call for action to help young blacks

From John Charron
Manchester

The difficulties of young black people living in Liverpool, one of the most deprived districts of Merseyside, need urgent action, Mr David Lawrence, chairman of the Commission for Racial Equality, said yesterday.

Speaking at a press conference in Manchester on the commission's strategy for the Northwest, he said that while Liverpool would not be singled out for special action by his commission a call would be made to local authorities and other employers in the city.

"We do not feel we are quite sitting on a powder keg there, but there are now opportunities to improve matters which must be taken up quickly."

Call for death grant to be raised to £60

By a Staff Reporter

An appeal in the Government to double the death grant from £30 to £60 in next year's Budget was made yesterday by organizations representing the elderly.

Representatives of the English, Scottish and Welsh groupings of Age Concern, as well as consumer bodies, including the Welsh Consumer Council, held an all-party lobby of MPs at Westminster. They say that the grant, last raised by £5 in 1967, represents a quarter of the cost of the cheapest available funeral, although the original intention of the National Insurance Act, 1946, was for a subsidy of a half.

The cost of doubling the grant is put at £15m, with an extra £3m for removing the anomaly that prevents men anomaly that prevents men from qualifying for the full rate.

The Department of Health said yesterday that although the present grant represented 18 per cent of average funeral costs, it was still considered a significant contribution towards meeting them.

Judge's warning to razor attackers

Lord Wheatley, the Lord Justice-Clare, gave a warning in the High Court in Edinburgh yesterday that he proposes to wipe out the re-introduction of the open razor by severe and exemplary sentences.

He said he hoped his remarks would be noted generally as he sent Alan McIntyre, aged 18, of Kilmarnock, to a young

Inquiry into availability of loans for fishing boats

By Our Parliamentary Staff

Reports that loans are not to be made available next year for new fishing boats are being investigated by Mr Bishop, Minister of State for Agriculture.

Mr Douglas Henderson, Scottish National Party MP for Aberdeenshire, East, read to a Commons standing committee

White Fish Authority which said that it had been hoping to formulate a policy for new building but that had not been possible because EEC fisheries policy was not yet complete.

"We are continuing to approve applications for new fishing vessels but our policy is an interim one of containment of the fleet," the letter said. Mr Henderson said there

were rumours among fishermen that there might be no loans at all during the coming year, although grants would continue. At present, fishermen having new boats built for them get up to a quarter of the cost by grant, and up to half by loan.

After the committee had

approved continuation for a further year orders providing for grants for fishing vessels. Mr Henderson spoke privately to the minister.

Mr Henderson said afterwards that Mr Bishop had promised to look into the matter. He said that in spite of the difficulties of the industry it was important for new building to continue to replace old vessels.

Mr Lane said that the main strategy for the commission in the North-west would be to act as a catalyst for voluntary action to give effect to the new law. "The task is as difficult as it is urgent," he said.

MPs seek Act change over jailing of woman

By a Staff Reporter

Ninety-nine MPs have put their names to a Commons motion seeking a change in an obscure fourteenth Century law that allowed a Birmingham woman to be sent to jail for a month earlier this year without being charged with any offence.

Mrs Valerie Waters, aged 45, of Endwood House, Little Aston, Birmingham, originally appeared before magistrates at Market Bosworth, Leicestershire, as a prosecution witness in a case against four fox-hunting supporters who were alleged to have ambushed her car, poured oil on it and sprayed it with paint. But the magistrates decided that Mrs Waters, an active opponent of hunting, had provoked the supporters, and bound her over in the sum of £50 to keep the peace for a year.

She was sent to prison by Leicester Crown Court in July after appealing against the sentence and refusing to pay the £50.

The principal sponsor of the motion is Mr Bruce Grotcock, Labour MP for Lichfield and

Tamworth, in whose constituency Mrs Waters lives. Another sponsor, Mr Philip Whithead, MP, said yesterday that Mrs Waters had been sent to jail under the terms of the Peasants' Act, 1361.

Mr Whitehead said: "Where one person has attacked another, to bind over the victim, who has appeared in court only as a witness, is clearly wrong."

The Act was written in Norman French, and existed in at least two contradictory versions.

The Commons motion also calls on Mr Rees, Home Secretary, to order a public inquiry into the circumstances surrounding Mrs Waters's imprisonment without trial.

During her detention at Risley remand centre, near Warrington, Cheshire, her husband complained to the Home Office that she was being treated like a convicted criminal and being made to scrub floors. The Home Office later admitted its mistake and ordered her to be treated as a privileged civil case, which meant she no longer had to work at the remand centre.

Delay likely on Southend pier

Repairs to Southend pier, badly damaged in a fire last year, are likely to be delayed for at least a year, a council official said yesterday.

Town councillors are pressing for rebuilding work to be halted in an effort to avert rate rises next year. The policy and resources committee wants repairs to be abandoned.

Offenders' institution for seven years

Mr McIntyre had been convicted at Kilmarnock Sheriff Court on November 14 of assaulting two with a razor on April 30 and a third man on June 10 by repeatedly butting him in the face.

Edward McCulloch, aged 19, who was convicted with Mr McIntyre of assaulting one of

the men with a razor, was sent to a young offenders' institution for 18 months.

Lord Wheatley said: "There was a period in the 1930s when the razor was the horrific instrument in the hands of thugs. The court at that time decided that this form of conduct could be stamped out only by severe and condign sentences."

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OVERSEAS

Smith insistence on special MPs for white voters dims hopes of early agreement in Salisbury

From Nicholas Ashford
Salisbury, Dec 14

Settlement talks between the Rhodesian Government and three internally based nationalist movements ran into difficulties today over the Government's insistence on whites retaining a "blocking third" of votes in a future multiracial National Assembly.

Today's discussions, the fifth meeting to be held since the four parties started their talks at the beginning of this month, lasted for three hours, but by all appearances the atmosphere was not as cordial as during previous meetings. Some of the delegates were stony-faced when they left the meeting and none of them made any formal comment to the press.

The talks are to continue tomorrow afternoon, indicating that all parties are anxious to avoid a breakdown at this stage. But hopes that broad agreement might have been reached by the end of this week now seem unlikely to be fulfilled.

A headline statement issued at the end of the meeting noted that discussions had continued on the questions of parliamentary representation and constitutional safeguards and that progress had been made. However, unlike previous statements, there

were no references to the talks having been friendly or frank.

Mr Ian Smith, the Prime Minister, is understood to be demanding that a third of the seats in a future parliament should be held by whites who would be elected on the basis of a white voters' roll. The remaining two thirds would be held by blacks elected by blacks only.

Two of the nationalist leaders—Bishop Abel Muzorewa of the United African National Council (UANC) and Rev Ndadangi Sithole of the African National Council (Sithole)—are opposed to this proposal, particularly the separation of white and black voters' rolls. It is understood that they might accept the principle of a "blocking third" in Parliament but only on the basis of common roll elections.

There are two reasons for their objections to the Government's proposals. First, they would involve a continuation of Rhodesia's racial divisions, which the nationalists wish to avoid. Second, for the election of white MPs in whites only would probably mean that most of the existing Rhodesian Front members would retain their seats.

However, Mr Smith maintains that any other constitutional safeguards are worthless and hand to play.

Western journalists are shown camp for refugee children from Rhodesia

Mr Nkomo's youngest recruits

From a Correspondent

Victor Camp, Zambia, Dec 14

The sound can first be heard from far off somewhere in the middle of the trees and roundavels at the crest of the hill. Slowly it grows louder, and the rhythmic chant: "Hey, hey, hey" becomes distinguishable.

Finally, from beyond a bend in the muddy path, emerges the source of the din, a seemingly endless river of children moving at a slow run to the beat of the chant.

When finally, 4,000 strong, they assemble in a nearby field, the children sing the praises of "Nkomo, the leader with great qualities". For these are the children of Rhodesia, the youngest members of Mr Joshua Nkomo's "struggle", whom the Rhodesian African nationalist leader sowed a group of women of the Patriotic Front.

This camp, about 16 miles east of Lusaka, is the nursery of the Zimbabwe African People's Union (Zanu). Mr Nkomo's wing of the Patriotic Front.

While their parents or older brothers and sisters are in military training, or inside Rhodesia itself fighting the bush war, these children are cared for and provided with an education.

About 3,200, mostly girls, live in this camp, and an equal number of boys are housed at a smaller camp near by.

There are at present some 26,000 Rhodesian refugees in Zambia, according to United Nations figures. Most arrive here through Botswana. Cross-

ing directly into Zambia from Rhodesia is difficult, because of the Zambezi river which divides the two countries. Rhodesia's border with Botswana is sparsely patrolled and with no natural barriers many Rhodesians simply walk into that country.

They are housed by the Botswana Government at transit camps at Sebe, Pikwe and Francistown. Then quickly flown to Lusaka at Zambian Government expense.

Approximately 1,500 refugees make the trip each month, according to the United Nations High Commission for Refugees.

Once inside Zambia, many of the men and women board Aeroflot flights to Angola, where they are trained by Cuban advisers, according to independent sources. Others remain at the Zulu military bases in Zambia.

It is believed that some 5,000 guerrillas are in training, with about the same number ready for battle.

Much controversy surrounds the children. Rhodesia has repeatedly said that many of them were abducted from their homes or schools by Patriotic Front guerrillas.

The most recent important incident occurred early this year when about 400 students crossed into Botswana from a Swedish Lutheran mission school at Manane, Rhodesia, about 10 miles from the border. Zulu allowed the children's parents to come and talk with

them, but only 53 decided to return to their homes.

"A lot of stupid stories have been made up about these children," Mr Nkomo said. He insisted that all the children in the camp had crossed over "of their own free will".

Whether their parents are alive or not, all the children are in reality "war orphans". Mr Nkomo said all would remain at the camps for two to three years after Rhodesian independence.

Throughout the visit, as journalists inspected the large military-type tents, the primitive kitchen, little more than a tin roof over an open fire, the small vegetable garden, the song of the children singing filled the air.

Money to run the camps comes from several international relief organizations and is administered by the United Nations High Commission for Refugees.

A school and dormitories are being built by two Yugoslav firms, with materials supplied by the East Germans. The children are taught primary school basics, including English, and receive political indoctrination in open air classes.

Mr Nkomo told the Western journalists that they had been brought to the camp to see that the children were being well-treated and cared for. His allegations that they were being starved or slaughtered to save meat to buy guns.

Continued from page 1

shot down a helicopter attacking them and destroyed a Soviet-made Antonov 26 transport aircraft on the ground.

The aircraft was blown up in Bie, where the electricity was knocked out by the destruction of a nearby hydroelectric dam.

Both Unita and the FNL have been fighting in the jungle since the Marxist Popular movement for the Liberation of Angola (MPLA) gained control of the country with Cuban military backing in a civil war two years ago.

As a prelude to the latest outbreak of violence, the size of the Cuban army stationed in Angola was increased from 15,000 to an estimated 19,000 men.

Recent Western intelligence reports have indicated that these extra forces might have been sent to Angola, according to the transfer of a leading Cuban combat commander, General Arnaldo Ochoa, to Addis Ababa.

The reports said the 2,000 Cubans already in Ethiopia were too small a force to rate such a senior commander.

In contrast, the need for more Cuban troops to preserve security in Angola has been growing more evident in recent months.—UPI.

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Continued from page 1

Bucharest's shattered homes rise again

From Dessa Trevisan
Bucharest, Dec 14

Nine months after Bucharest was devastated by one of the worst earthquakes in Europe for 100 years, only a few empty sites on the main boulevards stand as reminders of the death and destruction inflicted on the night of March 4.

The tremor claimed 1,420 lives and injured more than 7,000. Five thousand people were made homeless and more than half the houses in the city of two million people were damaged.

Today, no one speaks of the tragedy. When it is referred to in the Romanian press, it is to illustrate that a nation united under the Communist Party and its leader, President Ceausescu, is capable of achieving wonders.

THE TIMES THURSDAY DECEMBER 15 1977



Empty chair: Soviet leaders around Mr Brezhnev's vacant front seat voting in unison yesterday.

Mr Brezhnev absent as budget is presented

Moscow, Dec 14. President Brezhnev was mysteriously absent today when the Supreme Soviet, the country's Parliament, opened whose work he nominally presides, met to approve economic plans and a budget for 1978.

His seat on the leadership benches under a statue of Lenin in the Kremlin Palace was empty.

It was believed to be the first time for some years that Mr Brezhnev has failed to appear for the start of the winter session of the Supreme Soviet.

Western analysts said it was especially strange since Mr Brezhnev, the party leader since 1964, had been elected chairman of the Supreme Soviet's permanent Presidium only in May, and this would have been his first full regular session in the post.

Soviet officials at the session decided to discuss reasons for his absence and Western diplomats attending the proceedings said they knew of no pressing

business that might have kept him away.

Mr Brezhnev, who is 71 on Monday, yesterday delivered what was officially described as "a long speech" on the economy to the party's policy-making Central Committee.

It was announced in Boun today that Mr Brezhnev has postponed a meeting with Herr Willy Brandt, the president of the Social Democratic Party, scheduled for Friday in Moscow. Herr Brandt's spokesman said Moscow gave no reason for the sudden postponement.

Before hearing a report on the economy in 1977, the assembly unanimously approved the appointment of three new members of the Supreme Soviet's Presidium.

At the Supreme Soviet session Mr Vasily Garbusov, the Finance Minister, and Mr Nikolai Balabakov, the head of the State Planning Committee, announced exceptionally heavy industrial production since the Second World War

and an unchanged defence allocation.

Mr Balabakov said overall industrial production would rise by a total of 4.5 per cent next year, compared to the already modest 5.6 projected for 1977.

Heavy industry, traditionally a priority area, would raise output by only 4.7 per cent compared to an estimated 6.6 per cent for the present year. This will be the smallest increase since 1945.

Labour productivity, a key indicator in Moscow's drive for industrial efficiency, is set to increase by 3.5 per cent, only 0.2 per cent higher than the 1976 rise which was the lowest for at least 25 years.

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Sponsors boost value of July Cup and Cambridgeshire

By Michael Phillips,

Racing Correspondent

Newmarket and Doncaster are the courses that will benefit the most next year from the William Hill Organisation's revised list of sponsored races. The firm's managing director, Sam Burns, announced yesterday that Hills would be supporting five races on each of those group one courses in 1978.

In terms of prize money Newmarket is the principal beneficiary because Hills has managed to capture the July Cup race to the tune of £30,000 added to it. It will be the only group one race for three-year-olds and older horses in Europe to be run over six furlongs.

That means that Hills are now behind the list of the most important sponsors in this country because they are already committed to their sprint championship at York, which has taken the place of the Northup Stakes. Hills involvement in the Cambridgeshire will come as something of a surprise because it was not generally known that the second leg of the autumn double would no longer have the support of the Irish Hospitals Steeplechase. Nor is that matter well known, that there is also a possibility of the Lincoln after next year. But Hills have quickly come forward to fill that gap too.

Incidentally, I am led to believe that we have not heard the last of Hills' programme.

Irish Hospitals sweepstakes as sponsors in this country even though they have decided to drop the Cambridgeshire and the Lincoln and that will not be long before they announce their support for another race.

Now, the Cambridgeshire will be increased in value from £12,000 to £20,000 and yesterday Nick Lee, the clerk of the course, at Newmarket told me that he intends reviewing the conditions of not only the Cambridgeshire but also the Warwickshire race to possibly have a look at the existing penalties, in an attempt to encourage a better class field in the future.

By sponsoring the Cambridgeshire in addition to the Cheveley Park Stakes and the Middle Park Stakes, Hills will have a virtual monopoly of the October meeting at Newmarket. And understandably, they are keeping their stranglehold on the other two important races for two-year-olds by again supporting the Dewhurst Stakes at Newmarket and the William Hill Futurity at Doncaster. Thereby they are able to maintain continuity.

The £20,000 Scottish Grand National is the only other new race to Hills' programme.

In Ireland yesterday that good steeplechaser, Brown Lad, duly won the Ulster Bank steeplechase at Down Royal, which was won yesterday by Bill Elliott's Cossack.

Alcock, by six lengths, but there was a close finish, and 45 minutes later it was announced that the



Island Liner clears the last flight at Southwell.

Lucas spots the winner

After John Lucas had displayed his persuasive powers as an auctioneer at Southwell yesterday, he was given a chance to ride Island Liner on a nine-race card, his eager eye enabled him confidently to forecast the photograph in giving Sparrow the winner of a closely-fought finish to the Christmas Stocking Handicap.

But Mr Lucas was not so fortunate in the Christmas Calcot Handicap. This was won comfortably by Bill Elliott's Cossack.

Alcock, by six lengths, but there was a close finish, and 45 minutes later it was announced that the

second and third positions had been reversed.

Asbury Point—not the famous one at Linsky—was placed runner-up with Bonny Royal remaining fourth. An official statement issued by the stewards said:

"Due to the delay all bets would stand on the original result" but the records of the race would be amended.

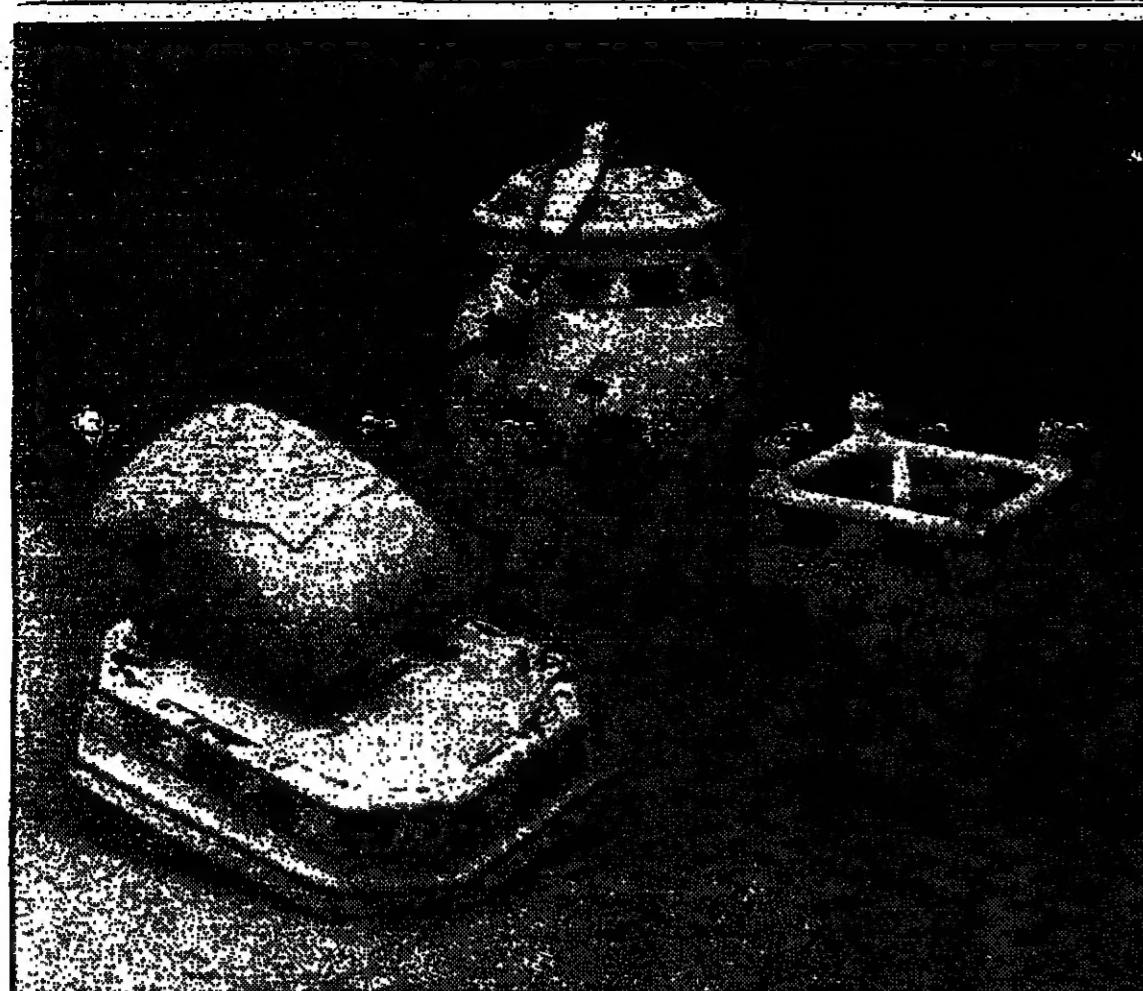
In the Christmas Stocking Steeplechase, Sparrow and Yellow Stone crossed the line locked together with many racers plumping for a dead-heat.

STATE OF GOING (Official):

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Fashion

by Prudence Glynn



Above: Eavis Lauder's blue and white china, copied in pattern from an antique design. Soap holder £5, perfumed candle £12 and bath salts in a jar £20. Harrods only.



Stuart Devlin's silver soup ladle, £275.73, two cigarette cases from Anne Bloom, of a girl getting into a bath, £450, and a nude with dove, £385. Tortoiseshell and gold bracelet, £500, from Boucheron, 180 New Bond St, with a tortoiseshell and gold watch, £600.



A selection from The Clerkenwell workshops. Goblet by Robert Glover, silversmith, £116, tricycle horse by Alex Fried, model maker, £59, zodiac egg, £300, by Richard Geere, and two brooches by Stella Doig, one of a palm tree, £57.50 and the other of snowdrops in a vase, £103.50.



All I want for Christmas is the best

One of the many charms of the best is that it has a future. If passed on as a gift, then the recipient, and if sold, the purchaser—and the purchaser after him—must be perpetually enchanted by something which represents the sum of a particular piece. I am a self-confessed artophile, perfectly content to slum along without it if I cannot have what I consider to be the best.

Now the qualification: what I consider to be the best, I recognise that there to be those who view my choice of presents with a mixture of aesthetic nausea and financial scandal. But then what is investment in the best, or better still commissioning of the best, if it is not personal, even self-indulgent? One man's individual confidence is, after all, another man's advantage.

I like the best in "craft work". I am not interested in the deliberate thumb-print on the pottery jug, or the rough-hewn inaccuracies of a textile piece. I believe that the future of the artist-craftsman lies in carrying forward the frontier of his art—one of the reasons I so much admire the slater John Curry.

So I should like to own (another) textile work by the artist Candace Bayley. I should like, in fact, to have "The poem of the Plover", a Japanese tapestry on sale now at the admirable Prescot's Gallery, Chipping, Banbury, Oxon (029 575 660) in which the ladies and gentlemen are entirely contrived, three-dimensionally, of the most exquisitely wrought tapestry, finished with such Epoch masterpieces of real horsehair.

Such is the exemplary level of their craftsmanship that they might have been made on an industrial loom, or painted indeed, such is their precision of texture. In fact they are entirely hand made, and totally lovely. Then what of the silver ladle by Stuart Devlin, the Australian silversmith who has now moved from table settings to the actual table—cutlery and has taken precisely the same original and intrinsically search for modern technique from the one to the other? The ladle is hammered entirely by hand, from a piece of silver eight inches long. It has a

looks as though it might have been cast, so perfect is the craftsmanship of the silversmiths who produced it. Once again, it is the best, and carries an ancient technique forward, away from that fearful cord-dolly/wagon wheel/thumb print syndrome that too much of the craft revival people have to cater to in order not to frighten the new generation of parents.

On the same carrying-forward tack, let me command Clerkenwell Promotions, 31 Clerkenwell Close, London, EC1 (01-553 6101) which is a central marketing agency set up by the tenants on a non-profit making basis. The Close houses a leather, cabinet-maker, upholsterer and a whole host of other makers. Personally,

I went some stained glass (representational or modern) for Oxfordshire but also

for a perfect present, why not have a book bound? My books are among my dearest friends, and get the same rough and vital treatment as other groups. I read the same things over and over, and would dearly like my D. M. Low paperback of the Decline and Fall, or my Portable Dorothy Parker in a splendid book worthy of their style. (Of course, I'd keep a paperback for travelling), but it just seems to me the most lucid orison.

For the man who has everything, including a nasty disease coming on, I can present the best in chic risk-taking Anne Bloom, 4 Grosvenor St, WI (01-493 0526) has got together a collection of wicked cigarette cases, any of which, when presented ought to ensure that your future is assured. Likewise that sensational Regal nightie. Clad in sheer lace, if you fail in your objectives in life wearing this, I think you ought to think about another direction in life.

I get very nervous when people give me cosmetics, or scent, because I have strong views on colour, and on how I smell. I am therefore grateful to Eavis Lauder for lifting the whole thing out of the realms of "does she wear pink chocolate, or chocolate pink?" and producing a ravishing range of so-called cosmetic presents which instead of land-

ing one in the agony of exchange, the neurosis of he doesn't understand me, are just simply beautiful packages, taken from the highest source. Sillies with goodies for now, but wise on infinite.

Little things mean a lot. The best flowers are, while highly scented from Phillips, perfect in Sloane Street. I love the cut jobs, but, intrinsically mean, even prefer the same in pleasurable outdoor settings. True, there are moments when those splendid dishes resemble a pet's grave, but then, being a strong minded girl, I put the moss round my climbing pot plants, dip the dish (usually very pretty) in the Phillips DW and serve up the familiar roast on same, and put all the bits into the garden, which you must admit just about answers all my demands for a now and future present.

Choc I hardly touch, but my faint knowledge of the things persuades me that they must be from Richouse and should be covered in dark chocolate, be two eights of an inch thick, and filled with white peppermint...

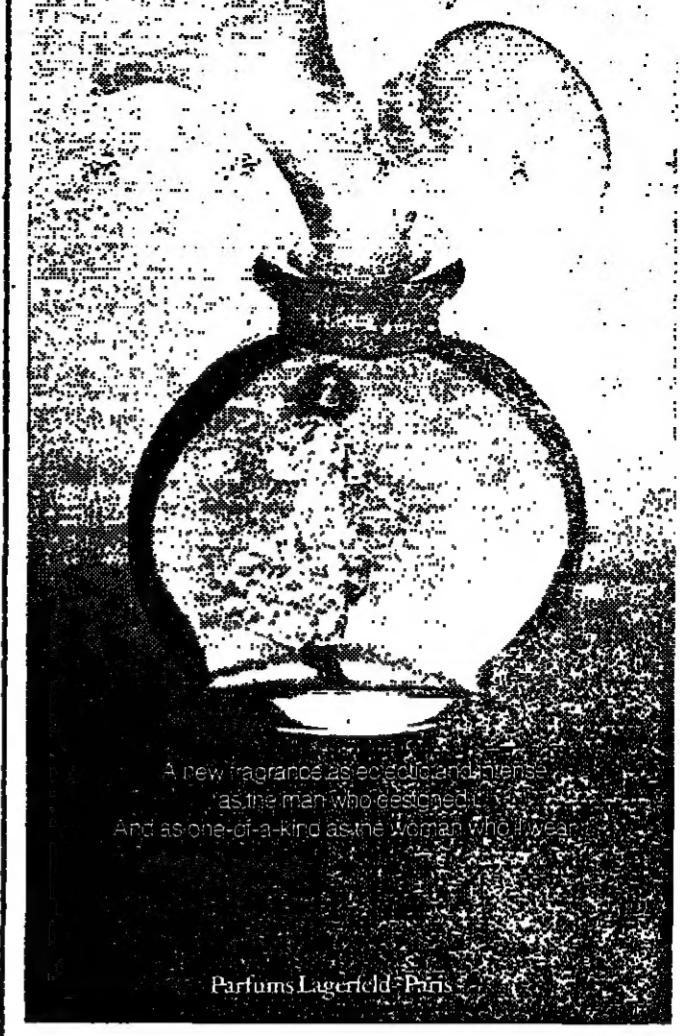
For those who have decided every suggestion so far, I can add that Browns in South Molton Street are now stocking the most lovely and exotic clothes from Rome by Boza. Known to what whom, dear readers, will remember that I climbed through a hole in a roof. Unfortunately, you might like to give a voucher for chic—the smartest in the form of a silver key to Wardrobe, 42 Chiltern St (01-496 5064) and 25 Old Bond St from £10 to £500.

My last choice is very personal. I have mentioned before Penhaligon, 41 Wellington Street, Covent Garden. Tiny, ultimately recherche, just available in Bergdorf in New York, is not the sexiest scene of all Hammam Bouquet, supposedly for a man, but then, what more exotic than to wear it oneself and thus imply the recent flight from the arms of the enchanter. Do not be mean, if you intend to pinch it yourself, go for the Extract at £10 the oz. Penhaligon prefer to write the name of the possessor on the label, but you can always play safe with such phrases as "To my darling" . . . which will make your husband very happy.

enter Chloé

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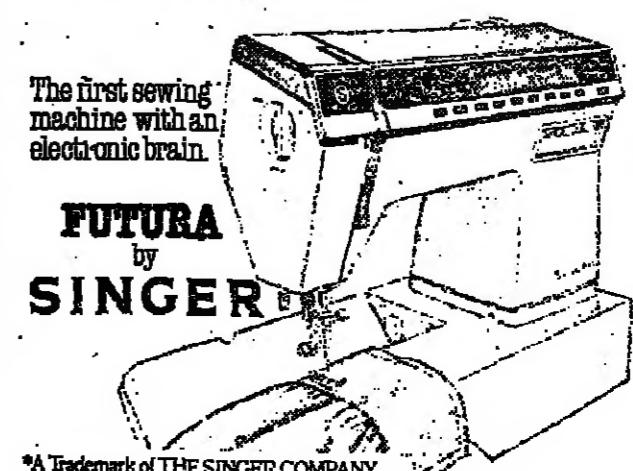


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GREECE

a Special Report

Karamanlis finds resistance to moves towards the West

by Mario Modiano

There has been a marked swing to the left in Greece and the trend is plainly reflected in the composition of the new Parliament, which opened in Athens this week. Last month's elections gave the Conservative Party a good lead but brought the anti-Western radicals, for the first time, near to the threshold of power.

Mr Constantine Karamanlis remains leader of the majority—somewhat emaciated, it is true. But 172 out of 300 deputies is enough to prop a government solidly for the next four years.

The opposition, however, will no longer be led by the accommodating and steadily pro-European Mr George Mavros. His moderate Democratic Centre Union suffered a heavy defeat. It lost half of its votes and was left with a mere 15 deputies. Mr Mavros himself has relinquished leadership of the party.

The new opposition chief is Mr Andreas Papandreou whose fundamentalist Panhellenic Socialist Movement (Pasok) unexpectedly doubled its share of the vote and won 93 seats. Pasok stands for a socialist economy at home and non-alignment in foreign affairs. It wants Greece out of the EEC and the American bases out of Greece.

In these pursuits Pasok has the full support of the pro-Soviet Communist Party of Greece which has 11 deputies in the new house.

A significant novelty is the emergence of a right-wing opposition to the Government in the form of the nationalists which returned five deputies.

The most important new factor, however, is that more than a third of Parliament will be actively opposing all government policies, domestic and foreign.

To assess how the new political situation may influence the country's future

course, it is necessary to explore the causes of the split. And here opinions differ.

There are those who treat them as a temporary phenomenon, voters reacting to the government's errors and misdeeds and the inadequacy of the Centre Union opposition—definitely not socialist converts.

There are also those who see them as a direct, if belated, consequence of seven years of crude military dictatorship from 1967 to 1974, which had forcibly arrested the radicalization of the Greek masses.

That the swing did not come immediately after the junta's collapse in 1974, they attribute to fears, at the time, that the tanks might roll back again.

The outcome of the last elections was the greatest tribute the Greeks could pay to Karamanlis for restoring "democracy", one seasoned Western diplomat said. "They now feel secure enough to afford an opening to the left."

The restoration of democracy, painlessly and without upheaval, was indeed the most remarkable achievement of the Karamanlis administration in the past three years. It is even more conspicuous when compared with the troubles of Spain and Portugal.

On the institutional front, the Karamanlis administration solved the thorny question of the monarchy by means of a referendum that gave a two-to-one vote in favour of a republic. This was combined with a new constitution which, for all its criticism levelled against it, seems to have worked well.

The Greeks realize today that they have never had a more genuine democracy in modern times. Even the Communist Party, ostracized for 30 years because of launching a civil war, has been fully legalized. The leaders of the fallen junta were

jailed for life, and their sadistic henchmen received long prison sentences. And here opinions differ.

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junta's collapse in 1974, they

attribute to fears, at the

time, that the tanks might

roll back again.

The public, aware of the external crisis, responded with a heightened sense of responsibility. There were serious strikes and little social unrest. Unemployment was minimal despite the check to emigration as work opportunities abroad became scarce.

The balance of payments was kept under control and the budget remained balanced. Special taxes were levied on property and corporate profits as well as on luxury imports, to offset the high cost of defence.

Drastic reforms were legis-

lated for education. The

most spectacular was the

sanctioning of the democ-

atic spoken language in

schools, universities, even

in the public administration

where it is supposed the

political and largely arti-

ficial officiates in use.

Technical education was

given a major impetus in

order to create a credible

and useful alternative to

university education where

there are seven applicants

for every vacancy.

Credits to education in the

last three years rose to

68,000m drachmas (£1,062m)

almost equal to what had

been spent in the preceding

decade.

However, all was not rosy

continued on page 15



Although the Socialist Opposition, led by Mr Andreas Papandreou and firmly opposed to joining the EEC, made substantial gains at last month's elections, the Conservative Government's commitment to adhesion remains unshaken. Mr Karamanlis has announced that negotiations, now at a crucial stage, will in future be conducted jointly by Mr Papaligouras, the newly appointed Foreign Minister, and Mr Kondoyiorgis, Minister without Portfolio. Constantine Collmer reports.

Negotiations opened officially in June 1976 and began in earnest last July. Every month the permanent representatives of Greece and the Community meet in Brussels for a scoping in depth of the issues in the pipeline.

"We are at the stage of knowing the positions held by both sides", the negotiator official states. "What is not yet clear is the length of the transitional period."

The Europeans have accepted five years as the necessary transitional phase for the adjustment of the Greek economy, but they have not yet given an official answer.

The criterion for the period is a practical one, depending on the several stages during which the Greek economy can gradually be liberalized. This fact has often been misunderstood during the negotiations, as in the case of secondary law, where the specialist teams have no right to negotiate Greek reservations.

These reservations are reasonable and justified: the right of free establishment is crucial and can be decided only on a political level, but they have helped to produce a misleading impression of stalemate.

On the other hand, a logical discrepancy exists between the positions held by Athens and by Brussels. The Greek Opposition maintains that the Government, in its desire to speed negotiations, has put up "Greece for sale". On the contrary, it is said in Brussels that negotiations are difficult because of Greek inflexibility.

The third phase will probably start next March, when Greece and the EEC will be casted upon to agree on the unsettled parts of the adhesion agreement. It is hoped that the agreement will be signed by the end of 1978. If all goes well, one more year will be needed for the ratification of the agreement, so one could reasonably expect that Greeks consider it irrelevant.

Unforeseen difficulties could arise at any time. In contrast to the negotiations with the three most recent EEC member states, Britain, the Republic of Ireland and Denmark, the admission of Greece is but one of many community issues, although an impression that negotiations are being delayed on purpose is far from the truth. After all, it took Britain 10 years to become a full member.

If it was only the Greeks who were anxious about their admission it would be perfectly understandable: they have a Mediterranean temperament, and they are eager to see both their European status and Europe's guarantee.

Nevertheless, the Greek contribution to the European idea is taken very seriously at a high political level. Never have the negotiations been as touch as they are now, but Europe has already begun to accept that Greece will soon be its tenth member.

The author is economics correspondent, *La Nazione*.

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•						+19.1 %
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EEC farm fears unfounded

By Adam Papelasis

Greek accession to the EEC will "certainly" weaken the negotiating position of France and Italy in seeking a revision of the Common Agricultural Policy on Mediterranean crops.

But it is because these countries, like Greece, are seeking to develop their agricultural economy mainly by improving crop structure, and not merely by pursuing a protectionist policy for their products.

Moreover, the application of Spain and Portugal cannot be an obstacle to Greece's admission. After all, Greece became an associate member of the Community in 1961, under a treaty which is so broad and important that it makes Greece's case wholly distinct from that of every other country that subsequently became associated with the EEC.

Under that treaty, Greece and the Community have assumed important obligations. Both sides are committed to equal treatment of their products in each other's

markets, to harmonizing agricultural policies, and to common action in social and economic matters.

Nor should it be forgotten that Greece's accession is expressly envisaged in the preamble to the association agreement. The treaty was put into effect immediately and, despite being frozen during the dictatorship, which did not, however, prevent tariff cuts on Greek imports from the EEC—it still functions normally and remains its vigour.

Consequently, hostility on the part of a member state is groundless since it not only denies the very purpose and validity of the association agreement, but implies non-adherence to a long-term EEC policy and puts to the test the ability of the Community to operate as a unified whole in important matters. Also, the very existence and operation of the agreement leaves no room for doubt that Greece has priority over every other country regarding accession to the Community.

Apart from the formal aspect of the matter, however, there is also a question of substance. Because of the Mediterranean

small volume of Greek agricultural output in comparison with the Community's, Greek farm products will only marginally affect the markets and prices of EEC products.

For instance, Greece's entry will not pose difficulties to the association agreement. The treaty was put into effect immediately and, despite being frozen during the dictatorship, which did not, however, prevent tariff cuts on Greek imports from the EEC—it still functions normally and remains its vigour.

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farm products, the latter—mainly tobacco, cotton, fruit, vegetables, olive oil, wine and meat—are less well protected by the Common Agricultural Policy than North European products.

As a consequence Italy has found that, while other members are increasing their imports of fruit and vegetables from third countries, they are at the same time taking strict measures to maintain Community preference for dairy products and meat.

Burden-laid on the prices policy

Moreover, in a memo submitted to the Council of Ministers on July 26 France stated that the growth rate of agricultural imports to the Mediterranean countries during the last two years had been less than half the rate in other agricultural regions.

The difficulty of Mediterranean agriculture is basically a question of structural underdevelopment. Because the Community's agricultural policy is such that only about 5 per cent of the European Guidance and Guarantee Fund's resources are used to finance the EEC's structural

reform policy, the entire financial burden is laid on the prices and market policy.

In terms of specific com-

mon proposals and of a specific policy of claims on the part of the Mediterranean countries, strengthening their negotiating position would bring about a change of CAP in their favour. The parallel effort to adopt a protectionist policy on Mediterranean products, of the same range and effectiveness as the prices and market policy for the strategic products of Northern Europe, is fully interrelated with the community's structural policy.

Greece has a serious problem in animal husbandry, particularly cattle breeding. Competition from North European livestock producers may have a catalytic effect unless a special policy is pursued by both Greece and the Community.

Greece does not believe in ecological constraints. Given suitable conditions and the allocation of resources, and if the integration of livestock farming is properly negotiated, this sector can be developed as well.

This is not being overoptimistic. Greek agriculturists are aware of the technical and economic difficulties involved in adjusting production to the Community's requirements. A strong effort will be needed if Greek wine or tobacco is to be standardized and marketed to advantage; an even bigger one will be necessary to plan the movement of the rural population and to increase agricultural investment.

Notwithstanding the need

to maintain close ties with the Mediterranean countries, the policy on agricultural imports gives rise to problems hindering the accession of Greece and other countries. It needs to be reformed in such a way as to achieve a golden mean between the interests of the farmers of the Community and of countries like Greece, which will sooner or later join the EEC.

In this context, what is

the position of Greek agriculture and what are the prospects of improving its structure?

Greece's agriculture is

about to begin developing.

This is the first time that

an agricultural development policy has been introduced in Greece at an institutional and economic level. Farmer cooperatives, group farming and market modernization are being promoted. Savings are increasing and are being channelled into investment in agriculture, particularly in plants for processing farm products.

Accession to the Community would benefit Greek agriculture by ensuring the sale of their products at satisfactory prices. If Greece is able, with the help of France and Italy, to reform the CAP in favour of Mediterranean products and agricultural development policy, then both sides will benefit.

Cooperation among Medi-

terranean countries is essential because solutions are bound to be found to any differences, particularly in the areas of agriculture and fisheries which are crucial to development.

The size of the rural popula-

tion has become the sub-

ject of controversy. It is

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centage than in Northern

Europe, which is natural

considering the different

level of development in the

two areas. Recent research

has shown that the Greek

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If Greece hopes to succeed

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cause of the realization that

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come to grips with its agricultural problems, whether it succeeds or not. Greece is determined to follow a national agricultural policy which, after accession, will be organically connected with the CAP and the regional and social policies of the Community.

For Greeks, accession will

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Second look after rapid growth of tourism

By Sheila Walsh

The tourist industry has firmly established itself in Greece as a major national resource. This year's tourist receipts are expected to reach a record \$1,000m.

The number of visitors is expected to reach four and a half to five million by the end of the year, which will also be a record. In the first nine months 3,967,379 tourists visited Greece, 337,782 of them British. Tourism receipts increased by 22.8 per cent in the same period, while the number of visitors rose by about 10 per cent.

The flow of tourists has more than doubled in the past three years, bringing with it enough foreign currency to offset an appreciable part of the chronic deficit in Greece's balance of payments. All this has developed in a little over a decade from a situation in 1967 based on roadside tavernes and small hotels. With this rapid growth have come some difficulties.

There is a heightened awareness that the continuing success of the Greek tourist industry does not lie simply in rousing up million upon million in the "tourist arrivals" statistics.

The state tourist organization and the tourism operators are taking a closer, more analytical look, not only at the "flow" of tourism, but at the forms that growth is taking. The tourist is obviously more interested in Greece's beaches, *houzouki*, and the holiday atmosphere than in the Greek balance of payments. But those concerned with the national accounts are also concerned with the success of the tourist's holiday.

The Greek National Tourism Organization took sample polls this year at frontier points, asking departing visitors for their comments. Seventy per cent said they were satisfied with their holidays. Others had complaints which were both predictable and remediable. They included: poor service in the plumbing facilities in some public places, museum hours, unkempt beaches.

The prospect of keeping more than five million tourists happy in the coming year, and an estimated 500,000 by 1982, is a challenging one but the Greeks seem confident that they can cope. The country has 9,327 miles of coast, which it would be difficult to crowd, and a steadily expanding hotel capacity which now stands at 229,186 beds.

The question is how to get the right number of tourists and the right number of beds together in the right place at the right time. Greece is seeking the answer in the encouragement of touristic development in more areas, and in a continuing campaign to lure travellers to Greece throughout the year. For the tourist this means a wider choice of holiday or, to the delight of the trade, a series of holidays.

The country's enviable



Tourists outside the Proyeia, the gateway to the Parthenon, Athens.

climate, incentives ranging from economical winter holidays (with bonuses to tour operators who bring in off-season groups), burgeoning ski-resorts, year-round golf courses, and the timeless archaeological treasures, continue to spread arrivals through the once "dead" months from November to May.

The development of new holiday possibilities and the expansion of existing facilities are going ahead briskly at all levels. The Chandris shipping group, with a new first-class hotel near the sea at Athens and hotels linked with its cruise operations at Chios, Crete and

Corfu, has become the largest private hotel owner in the country.

At Halkidiki in north-east Greece, Mr. John Corres, a shipowner, has built a self-sufficient holiday resort area that even has its own vineyards that produce excellent wines.

At the same time, in villages on the south coast of Crete and all over the country, families who rented rooms to tourists last summer are investing in extensions on their houses, or making plans for small hotels.

The National Tourism Organization, operating in an area where private capital might not venire, has announced that 500 more beds will be available for 1978 in renovated villages houses in picturesque con-

This was one of the fac-

ties of the Greek Federation of Hoteliers noted in a report

which said that while 1977

was a record year for the

number of visitors it was by

no means a boom year for

Greek hotels. Hotel occu-

pancy, especially in estab-

lished tourist centres such as

Corfu and Rhodes, had

fallen by more than 20 per

cent.

Holidays taken for shorter period

Mr. Panayiotis Karadonis, president of the federation, stressed this in particular the development of new holiday centres and to tourists taking shorter holidays or less expensive accommodation. But the fall in hotel occupancy was also a result of the increased number of beds to be filled.

Since 1974 a rise of 14 per cent had taken place in the number of hotels and a 31 per cent increase in the number of beds. He called attention, however, to the sensitivity to any change in the pattern of the industry of areas where tourism has become the chief support of the economy.

Mr. Karadonis estimated that 90 per cent of the economy of the island of Rhodes depends directly or indirectly on tourism, while in Corfu 60 per cent of the economy is geared to the holidaymaker.

The impression that while more tourists are coming to Greece each year, they are not spending more money is a cause for concern. An Athens financial journal recently urged a greater emphasis on long-term planning. It said that in the period 1973-76 there had been a rise of 60 per cent in total tourist revenue but only an 18 per cent increase in per capita spending.

Figures from the National Tourism Organization indicated that there was a 14 per cent increase in per capita tourist expenditure during 1977. And they also indicated that the outlook is good for 1978.

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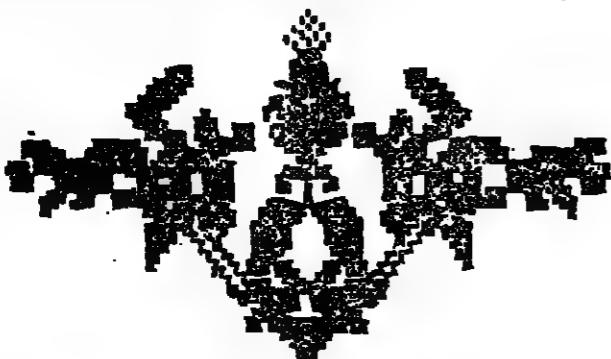
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The Greek banking system has been developing fast in the last few decades to keep pace with the rapid growth of demand for banking services reflecting, in turn, the economy's progressing monetisation and development. A basic characteristic of this period has been that an ever increasing part of the population is having recourse to the banking system for depositing their money and settling their transactions. Since the capital market is still not sufficiently developed, most of the savings used for investment financing are channelled through the banks, largely through the commercial banks, which are still one of the principal sources of capital for fixed asset formation even though there are now several specialised investment banks in operation.

The Commercial Bank of Greece is an efficiently organised institution and the second-largest bank in the country by any criterion. Internationally, it occupies the 228th place among the world's 500 biggest banks in terms of deposits, and the 221st place among the 300 biggest banks in terms of total assets.

The origin of the Commercial Bank of Greece can be traced back to the year 1866. Ever since then it has been steadily developing. A few years ago, its modernisation programme took a great step forward with the introduction and subsequent extension of the teleprocessing system. In this respect the Commercial Bank now occupies a pre-eminent position amongst the largest European banks. The Bank's country-wide network of branches and representative offices now consists of 197 branches, 3 permanent agencies, 11 foreign exchange bureaux and 46 rural bus service-lines (mobile banks). The Commercial Bank was the first to introduce in Greece mobile banks which now serve 600 small towns and villages throughout the country.

The Commercial Bank of Greece has played a leading part in the development of the Greek economy, especially in the last twenty years, winning for itself a substantial share of the country's total banking business and supplying a considerable proportion of the funds channelled into productive investment. At the same time it has been constantly strengthening its relations and enlarging the scope of its relationships and co-operation with foreign banks and financial institutions.

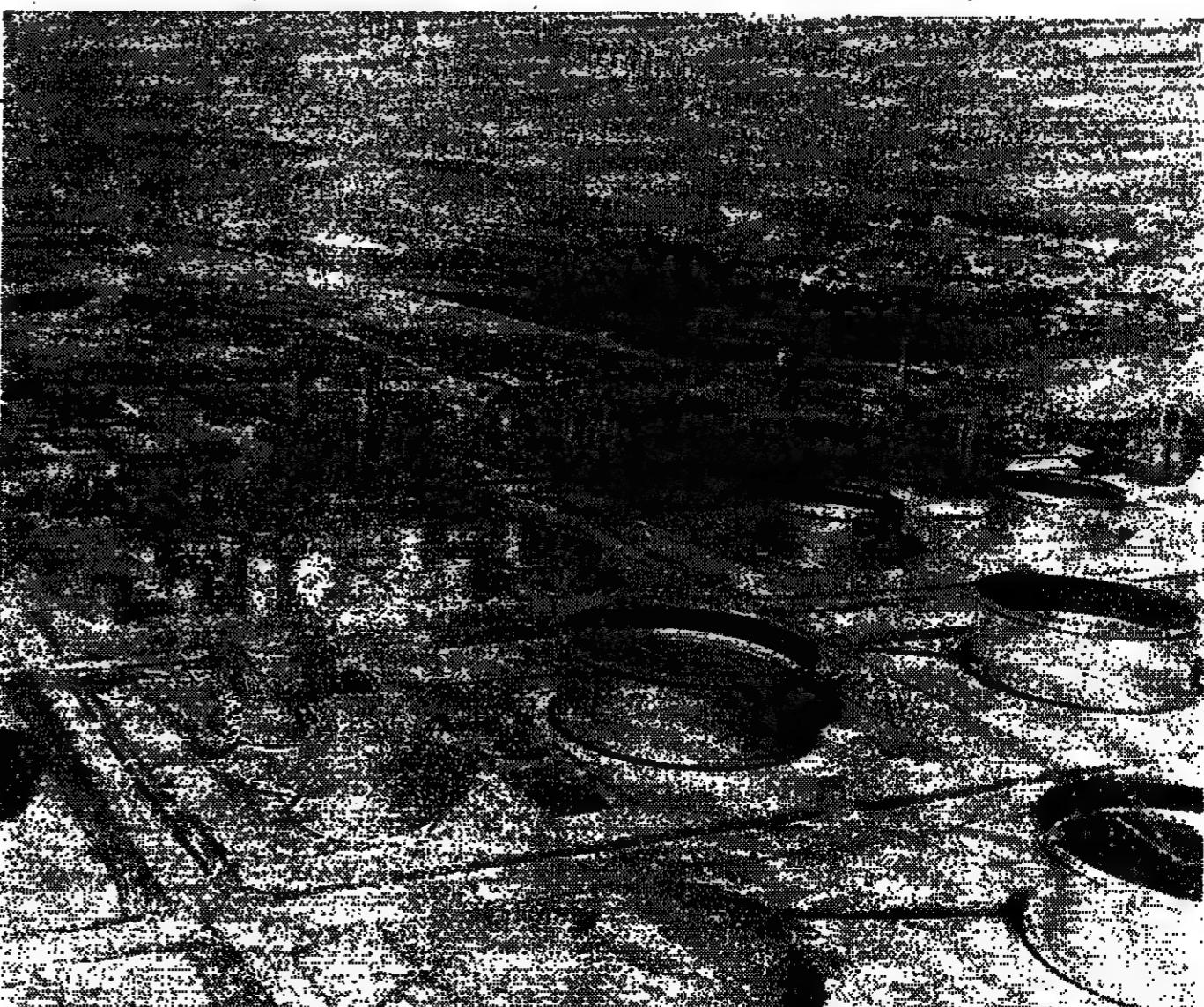
As pointed out by the Bank's Chairman and General Manager, Mr. Evangelos Ellades, in his Report to the last Annual General Meeting of the Shareholders (held in June 1977), the financial position of the Bank has been greatly strengthened recently, following the increase in its share capital effected, by virtue of Law 431/1976, through payments in cash. As a result of this increase, its total capital and reserves rose to the equivalent of approximately \$205 million at the end of 1976. At the same time, there followed a substantial increase in the Bank's liquidity and a considerable improvement in the ratios of the Bank's own funds on the one hand, to deposits or total or selected assets on the other.

The figures below indicate the changes in the Bank's position and volume of transactions, in the period from the end of 1976 to September 30, 1977:

	31.12.1976	31.12.1977	30.9.1977
Capital and Reserves	Dr. 1,903 (\$53.4)	Dr. 7,578 (\$204.8)	Dr. 7,578 (\$204.8)
Deposits	" 48,165 (\$1,381)	" 57,580 (\$1,654)	" 68,578 (\$1,867)
Loans and Advances	" 28,887 (\$810)	" 32,527 (\$875)	" 38,887 (\$1,058)
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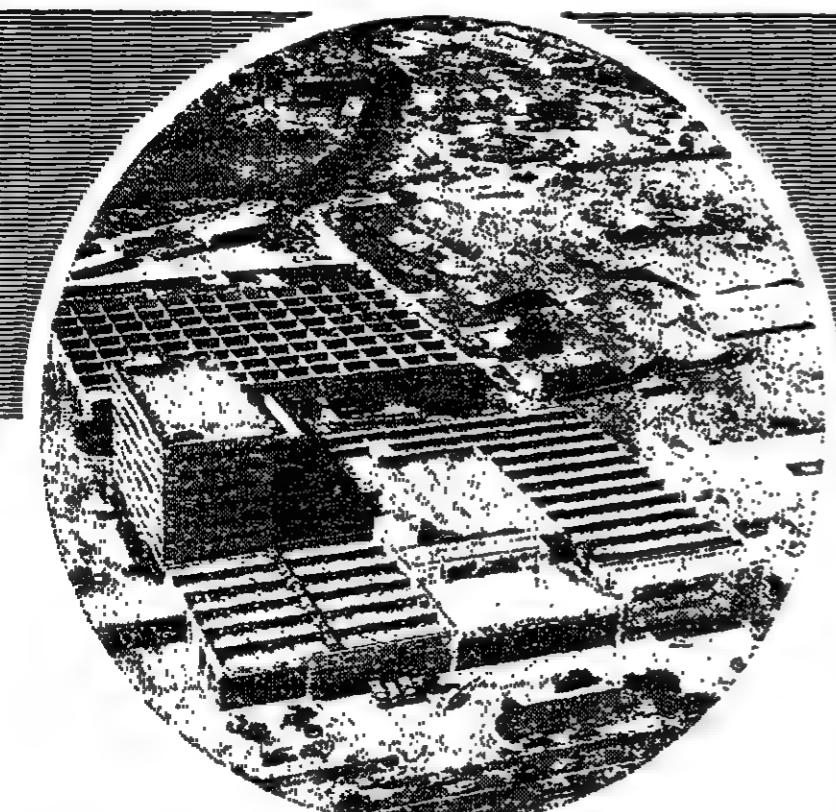
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THE NATIONAL TOBACCO BOARD OF GREECE

by Stephen Farrant

So persistent were rumours in early November of the imminent financial collapse of one 50-ship fleet managed out of Piraeus that the group concerned took the highly unusual step for a Greek firm of publishing its accounts. They showed a net trading profit of just over \$21m for 1976 and a preliminary profit figure not far short of \$10m for the first half of this year.

It was a timely reminder of the fact that Greek operators have in the main survived, and in some cases continued to turn in healthy results on a crisis market which has seen cross-traders under Scandinavian and other flags scurrying for shelter inside government credit schemes and brought to their knees about 18 leading figures in shipping around the world.

The luckless Colocotronis group now engaged in a legal marathon with their chief remaining mortgagee, European-American Banking Corporation, over control of these few ships still undisposed of from a 3,500-ton fleet—is the only Greek owner of any size yet to succumb.

No other likely candidate has emerged among other big tanker operators, and it is a widely held view that the leading half-dozen or so companies—including names such as Onassis, Niarchos, Goulandris and S. Livadas—are all sitting on a sufficiently large cash-and-assets cushion to ride out even a crisis extended well into the 1980s.

Such indications as occasionally emerge from family

businesses under little obligation to account either to tax authorities or to outside shareholders, suggest that the great majority of the more solid medium-sized fleets managed out of Piraeus, London and New York have also so far weathered the storm in fairly good shape.

It is, though, getting tougher all the time and those committed to heavy dry-bulk tonnage ordered in Japan during 1975 and 1976 at what were then attractive prices, have been badly hurt by the dollar's recent fall compared with the yen, and the appalling freight market of which those heavily debt-burdened ships must now trade.

Increasing International Transport Workers' Federation (ITF) pressures have meanwhile played a major role in the whole-scale switch to heavy refrigeration over the past 18 months of several million tons previously called by Greeks under flags of convenience. Figures recently released by the Ministry of Mercantile Marine suggest that the Greek fleet—rated one place up as the world's fourth largest in Lloyd's Register returns for mid-1977—may now have passed not only the Norwegian but also the 32 million ton British fleet to claim third place behind Liberia and Japan.

End of September ministry returns list 3,850 ships of 32,500,000 tons on the Greek registry, gains having chiefly been at the expense of Liberia, which still accounts for the bulk of 950 vessels of some 16 million tons operated by Greeks but registered under other flags.

For Greek owners, with no

nationally-generated cargo movement to account either to tax authorities or to outside shareholders, suggest that the great majority of the more solid medium-sized fleets managed out of Piraeus, London and New York have also so far weathered the storm in fairly good shape.

Businesses and other forms of cargo recession are, though, a growing hazard, and spillings over of low freight into the dry-cargo sector has not only burnt the fingers of mixed-fleet operators looking to balance out tanker earnings, but will certainly have pushed many smaller companies that much closer to the brink.

The effect of all this may be seen in lay-on figures now standing at a vessel-ever-ready figure of 15 million tons. This figure, under which only interest payments are met, now apply to a fair proportion of outstanding loans to Greek owners, and the crunch has already arrived for a score of mostly smaller Piraeus-based enterprises is clear from the lengthening roll-call of vessel arrest cases now being heard in Greek courts.

It is a deteriorating situation which might have become public far earlier had banks not preferred whenever possible to trim out the management of sailing tonnage rather than risk further depressing market values with foreclosures and sales.

Paradoxically, those same rock-bottom resale prices which have left many loans heavily under-secured have also led to the creation of an active lending market for newcomers. Start-up dry-cargo tonnage can in some cases now be acquired at less than half the price of 18 months ago, making possible not only the quick repayment of a 60 to 70 per cent loan but also the squaring away of a modest operating profit.

Reopening the door to that traditional renewal of Greek shipping blood, this will no doubt to reduce that substantial percentage of old ships which figure prominently in annual casualty returns. It will also aggravate further the crowding situation which many owners would now simple out as the major difficulty in ensuring survival.

There are simply not enough Greek lower-deck seamen to go round. Officers, too, are scarce, and wages, say overall quality has gone down at the same time as wages have gone ahead on what is now something of a black market for all ranks. Earlier fears that ESC entry would see Greek seamen lured away to higher paid employment on other

Hammer and sickle attract one in ten votes

by Mario Modiano

The pro-Soviet Communist Party of Greece (KKE) has just won a resounding victory over its rival, the Communist Party of the Interior, the local brand of Eurocommunists in the Greek elections, settling old scores and reasserting its supremacy among the Greek communists.

It was the first time since 1936 that the KKE stood for election under its own name and the hammer-and-sickle emblem, rather than behind the facade of a popular front. It did rather well.

When Parliament opened this week, the KKE was represented by 11 deputies in a house of 300, including the party's secretary-general, Mr. Harilaos Florakis. The rival Eurocommunists had only one seat.

KKE polled 480,000 votes, as many as all the Communist factions had obtained in the elections of 1974 which were held after the collapse of the seven-year-long military dictatorship.

Half a million votes is not too impressive in absolute numbers, but in the Greek context it represents one out of every 10 votes. It was the cumulative result of three years of hard (and costly) organizational work, after half a decade of political inactivity.

Above all, it was the culmination of efforts since 1958 to preserve party unity after the emergence of the dissident group which opted for "communism with a human face". The dissidents challenged the party's loyalty to Moscow and the dictatorship of the proletariat and supported the multi-party system and respect for human rights.

The rift came in February, 1968, when the Greek communists working clandestinely in Greece against the dictatorship began to resent taking orders from the party's expatriate leadership secure in the luxuries of Moscow where they had settled after the KKE's armed rebellion collapsed in 1949.

During the party's twelfth plenum, a group led by Mr. Dimitri Partsalidis, one-time premier of guerrilla government in Greece, reproved dissident KKE leaders of losing touch with realities at home. He demanded an equal voice for the men of the so-called "Bureau of the Interior" who were taking all the risks in Greece.

The group even managed to seize for a few hours the "Free Greece" radio station located somewhere in East Germany, which was the party's main link with its followers in Greece.

The Soviet leaders gave full backing to the KKE to stamp out the rebellion. The dissidents were forced to flee to Western Europe where they found support from the Eurocommunists, Greek communists.

The party's success with the students was greater than with the workers. Most of the student unions are today controlled by KKE councils. When the Government attempted to deny the communists this monopoly by legislating compulsory registration in unions, the students' councils rebelled and threatened agitation. The plan was given up.

The KKE's defeat in the last elections was impressive. Even Mr. Babis Drakopoulos, secretary-general of the party "of the Interior" failed to get elected. As for Mr. Partsalidis, the man who ousted it all in 1968, he failed to capture the seat in Kavalla where in 1932 he was elected first KKE deputy of the Greek Parliament.

Significantly, in the thick of the pre-election campaign, Mr. Florakis and leading KKE candidates broke off their electioneering to fly to Moscow to join the celebrations for the 1977 Revolution. Clearly they regarded the Kremlin's blessing far more convincing than any campaign arguments.

The KKE has now reasserted its identity in Greece for the first time since the last war. And for the first time since 1968, it can claim the loyalty of the bulk of the Greek communists.

Shipping fleets are

riding out

the financial storm

foreign shipping-related service firms established in Piraeus; and to the five-year "grace period" for Greece's offshore shipping company legislation which hoped the Karamanlis Government will incorporate as a condition of EEC entry.

The "grace period" would appear to be a reasonable concession for Greece—**as the Community's second poorest member in future** to seek, and the Nine to grant, to protect the interests of its largest single industry, its major single source of foreign earnings (likely to top \$1,000m this year), and one of the world's great merchant fleets.

The author is international editor, Nafplaki.

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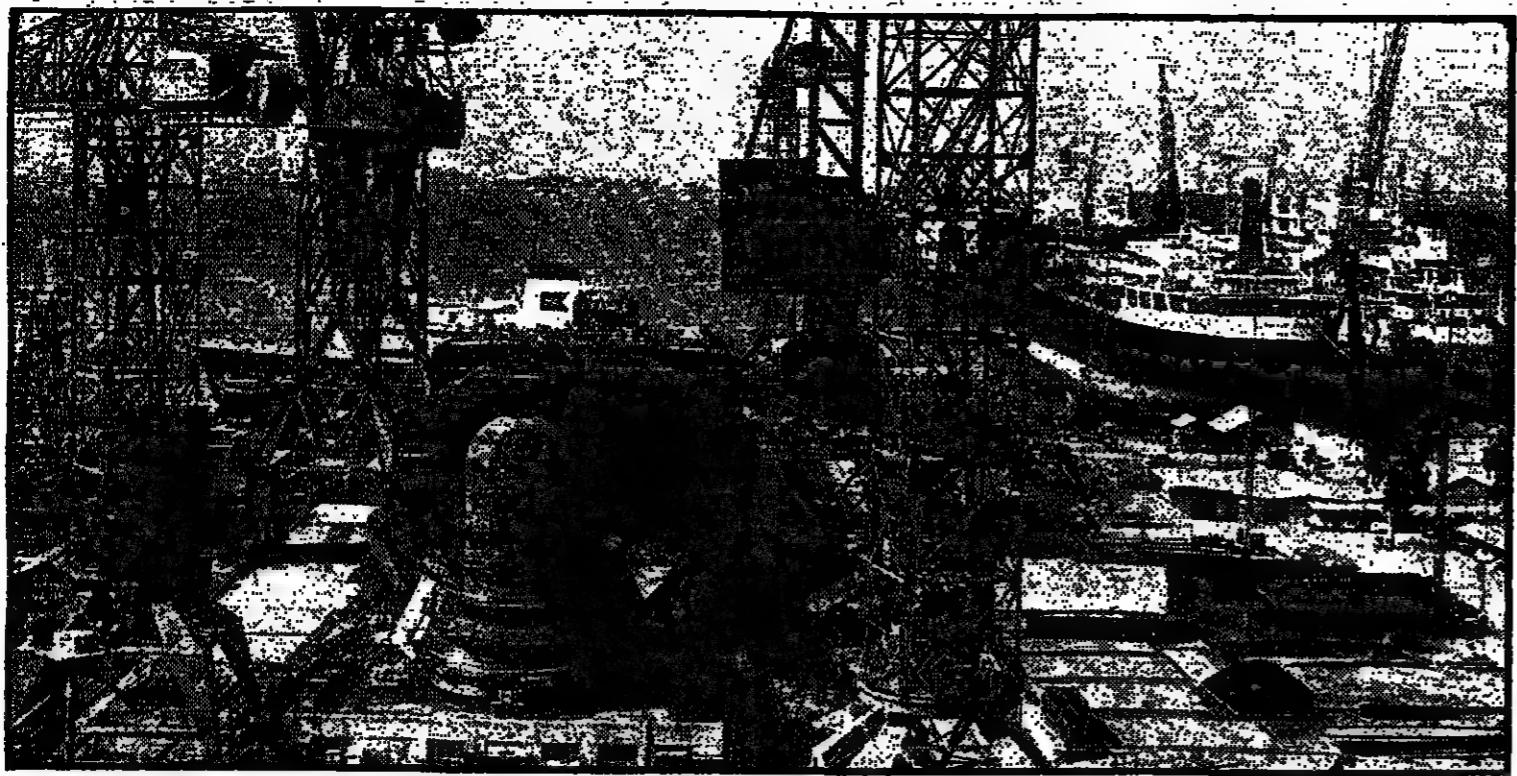
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Bureaucracy delays plans for shipyards



The Hellenic shipyard at Skaramagas. Hellenic is the only firm still building vessels of any size.

Shipyards in Greece are essentially repair yards, and this has been the case for almost two years. Only Hellenic—where Mr Stavros Niarchos may consider it worth while to keep things moving with further "at cost" orders for his own fleet—still has vessels of any size on its books, with the last of a 19-ship run of 37,000 tonnes due for delivery next autumn.

Recent reintroduction by the Government of loan underwriting and state-backed performance guarantees has perhaps come too late to make much difference, even on contracts from developing nations claimed previously to have been lost for lack of credit.

Although it has brought bankruptcy in its wake to at least one previously flourishing Perama builder, it is hardly a tragic situation measured by recent European experience since repossess, refit, conversion and shipbreaking have long been the staple output of the Greek industry. Indeed, long before there was any hint of the way world ship-builders were going to be battered by the recession, it was the general agreement that Greece could, and should, become a major ship repair centre.

Two floating docks purchased by Niarchos interests

There is a huge fleet to service, the industry is above all a generator of foreign exchange, and shipowners themselves were queuing up to invest imported risk capital in yards which at worst could be guaranteed a minimum workload from their own fleets.

For a variety of reasons, extending from a certain mistrust of shipowners' motives that still exists in Government circles to sheer official incompetence, little was to come of such plans under the dictatorship. Those projects revived, or put forward for the first time since democracy was restored in the summer of 1974, can hardly be said to have fared much better.

Environmentalist protests held back work on a three-dock repair yard approved for Piraeus for so long that although given a clean bill of health, most of this year, it now looks like a non-starter; a long-standing project for a medium-sized facility at Kalamaria was finally rejected by the Ministry of Coordination in August with the Callimano-pulos group involved claiming it was not even offered an official reason for the negative decision.

Two floating docks purchased by Niarchos interests

in 1975 and 1976 for a proposed yard at Aliveri on the coast of Euboea are still lying idle at moorings while the company wrestles with the bureaucrats over small print on land expropriation and other details.

Hundreds of thousands of dollars-worth of work continues meanwhile to be turned away each month in Piraeus, where the Port Authority's two permanent and two floating installations have been worked around the clock since 1972, and could profitably have been supplemented by another three or four docks in the 6,000 to 30,000 deadweight range. Here it is a monopoly negotiated in 1963 for the Niarchos yard, and later extended just to Eleusis Shipyards, which prevents any upgrading of repair capacity in the port region, or elsewhere inside a 20-mile radius, before 1985.

It is far from all that not an entirely negative picture. The Aliveri project finally took off, and if it is agreed it could be capable of handling repairs from 1979.

Hellenic Shipyards brought its new 500,000-ton graving dock into service on schedule over the summer; the 45,000-ton drydock and dry dock at the J. C. Cacaris managed Kinalis yard north of Athens has been accepting outside contracts since the end of last year, and the Neorion Shipyard run by N. J. Goulandris confirmed last month the placing of an order in West Germany for a 45,000-ton deadweight dock for delivery by next August to join the 70,000-ton deadweight unit already in service off the island of Syros.

Effectively, in public ownership 15 months ago, Eleusis Shipyards recently gave Italian consultants responsibility for a feasibility study of a \$30m conversion of its disused building berth into a graving dock for very large crude carrier repair.

Overall repair capacity in Greek waters—where some 2,500 vessels of a total 30 million tons have been handled over the past 12 months—could be expanded by the early 1980s to include a total of three capable of handling tankers of more than 200,000 tons. If costs can be kept down (and at present they compare fairly well with most of the competition in the Mediterranean), there seems no good reason why the industry should not continue to play a profitable and important national role.

S.F.

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Better Times for Greek Farmers



In the fulfilment of its programme, O.G.A. in the current year is spending more than 12 billion drachmae. This is divided as follows:

- 7.3 billions for pensions
- 2.7 billions for medical treatment
- 2.0 billions for crop insurance

This is a quite significant expenditure when one considers that this sum represents about 10% of the total agricultural income. However, because O.G.A. is financed by funds drawn from mainly outside the agricultural sector, i.e. from general taxation, income tax, tax on luxury goods, etc., this means an income redistribution through O.G.A., a transfer of national income from well-off to less well-off, in other words to the agricultural population. Farmers do, however, pay a wholesale levy on their products but this levy does not exceed 15% of O.G.A.'s income.

O.G.A.'s administration structure is based on two principles. These are the total decentralisation of its activities and the use of large capacity computers, and the local state services (clerks of communities, magistrates, agronomists, etc.) are used by O.G.A. as its agents in provincial areas where they ensure that the organisation is helped on the spot without any difficulty. The central administration is in Athens and is responsible for general control and the checking of documentation sent in by the agents in this way with low administration costs not exceeding 2% of its revenue. O.G.A. has managed by this means its 12,000 agents based on computerisation to service an insured population of 3.6 million people, representing over 40% of the Greek population. Even today the difficulties in insuring all these people are great because of the widespread distribution of the farming community.

Within the frame of government policy, O.G.A.'s future prospects are very positive for:

- (a) improvement and simplification of insurance procedure for dealing more quickly with insured members
- (b) increasing the values of pensions
- (c) improvement and integration of medical treatment, which is of paramount concern to the Greek Government. Some measures have already been announced, for example free drugs for chronic diseases, foundation of new medical stations in the provinces and modernisation of those which already exist with appropriate permanent staff and equipment
- (d) the improvement of crop insurance and other associated cover.

Now that Greece is applying for entry into the EEC, O.G.A. has begun to examine relevant problems and the necessary measures which will be required to be taken in time to co-ordinate the whole of this insurance scheme into the framework of the Common Market.

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GREECE'S ELECTRICAL ECONOMY ENTERS A NEW PHASE OF PROGRESSIVE DEVELOPMENT

Stretching out to every corner of the Greek soil, the powerlines symbolize today the extent and importance of the efforts of the Public Power Corporation. They also stand as the reward of a hard drive for the electrification of the country in harmony with modern technology and contemporary life requirement. Dating back to 1950 when the PPC was established, those efforts never ceased to set new objectives for a better social and economic life for the Greek people.

1950: A START-UP FOR ELECTRIFICATION

The power service the population was receiving twenty-seven years ago could easily be thought of as practically nonexistent or scattered. This is readily explained by the fact that apart from Athens, Piraeus, Patras and Thessaloniki, all other towns were serviced by low-voltage local stations, operating for a limited period of time every day and selling power at prohibitive rates for the many. So, even though electricity was mostly used for lighting purposes in rural parts, not the rural settlements had access to it. In contrast with the rest of the country, Athens was in fact the only urban centre whose economic and social life was appreciably affected by the applications of electricity.

In exact numbers, the total output of the 400 local stations operating in 1950 barely reached 630 million kilowatt-hours and consumption flickered at 538 million kilowatt-hours. Per capita consumption dwindled at just 71 kilowatt-hours a year.

Of this 538 million KWH consumption, Athens and Piraeus shared 452 million KWH leaving a meagre 86 million KWH for the rest of the country and forming a top-heavy power pattern whereby the capital with 18% of the total population answered for 85% of the consumption and the remaining 82% of the population accounted for just 15% of the total demand. Accordingly, each Athenian consumed a mean 321 KWH a year compared to a scanty 14 KWH for each inhabitant of all other parts.

In 1950, the total installed capacity of Greece's power stations stood at 223,000 KW of which 133,000 KW were gathered in Athens and Piraeus. Besides oil-firing represented 98% of the total output leaving a tiny 2% of hydro-power generation. As a result, the power production depended directly and exclusively on oil imports whereas lignite as primary potential was still unknown to the infantile power economy of those days.

1977: ACHIEVEMENTS AND OUTLOOK ON THE ELECTRIFICATION IN GREECE

PPC's contribution to the electrification of the country is chiefly represented by fast rising rates of growth, new structures in our power economy and far-reaching targets.

A comparison with the figure for 1950 reveals that the installed capacity of PPC stations is today 22 times higher (4,636,000 KW), the output 28 times greater (18,000 million KWH), the consumption 30 times higher (16,400 million KWH) and that from 71 KWH for 1950, the per capita yearly consumption has soared to 1,780 KWH.

Today Athens, Piraeus and the entire District of Attiki represent only 36% of the total power sales instead of the 85% of those sales for 1950. Accordingly, from 14 KWH for 1950, the rural per capita consumption has climbed to 1,623 KWH giving the measure of the nationwide rationalization of the power service pattern.

By 1977 the PPC had practically accomplished its rural electrification programme which has been for years an important part of the power plans. Spreading over 9,800 towns, villages and settlements the power networks are offering service to 98.5% of the entire population and cater to basic requirements of the national economy.

This year the sales to industrial customers will absorb 9,200 million KWH or 56% of the total demand leaving 4,200 million KWH to the domestic market, 2,130 million to the commercial market and 250 million KWH to farming applications. Touching on the agricultural market, it is to be noted that by electrifying a large number of irrigation units this year, their total will rise to 61,500 units capable of irrigating 3.1 million streambeds of land.

In perspective, however, of the above, the main feature of PPC's past, present and future policies, is the unceasing effort to strengthen national autonomy by developing for this purpose the domestic resources, i.e. the coalfields and the hydraulic potential.

In the above context, from a total dependence on oil imports for 1950, the power primaries today consist of 70% from lignite and waterfalls and only 30% from imported oil. Planned progressive utilization of domestic resources until 1986 will further diminish the oil-firing share to 15% by the end of the decade.

Yet an even greater cut of the oil share is anticipated for the decade 1980-1990 by maximizing the utilization of coalfields, waterfalls and possibly the available geothermal and natural gas resources. In parallel, nuclear power always remains a possible solution for the Greek power economy.

FINANCIAL DATA

The Public Power Corporation, as the sole producer, carrier and distributor of electrical energy in Greece, is today the country's largest technical and financial organization. When the PPC was founded in 1950 it had been financed by the Greek state with a founding capital of \$125 million. In 1975, the PPC's total assets amounted to \$2,308 million while at the end of 1976 to \$2,452 million.

The PPC's net fixed assets in 1975 were valued at \$1,989 million; in 1976 totalled \$3,637 million KWH in 1976 totalled 15,023 million KWH and are expected to rise to 16,400 million KWH in 1977.

Revenues from the sale of electric current in 1975 were the equivalent of \$419 million, in 1976 were the equivalent of \$555 million.

THE INVESTMENT PROGRAMME

The PPC's investments in production, transmission and distribution works in 1976 totalled \$297 million and are expected to amount to \$312 million in 1977.

Similar investments during the next five year period from 1977 to 1981 are expected to exceed a total of \$3,000 million.

ENERGY PROJECTS WORTH \$460 MILLION

A good indication of the dynamic policies of the PPC is the fact that this organization—which now employs 28,000 salaried personnel—has launched one of the country's largest development projects worth \$460 million with the contracts signed in the space of three months, referred to above and concerning the new Ptolemais South Field lignite mine, the two new steam-electric units for the Karditsa station and the Pournari hydroelectric project—all of which are to be completed by 1981.

Another example of the PPC's dynamic quality is its credit standing in the international capital market, not only in cases where the financing is linked to specific contracts with foreign firms supplying materials or equipment or with contractors executing large electrification works in Greece, but also in the free and direct financing of its investment programme. Thus, on October 12, 1976, an agreement was signed in London for a direct loan to the PPC of \$75 million to cover part of the expenses of its energy investment programme in 1976. This loan was made by a group of banks headed by the Bankers Trust Company.

Published by the Greek Public Power Corporation

PARLIAMENT, December 14, 1977

Road haulage facing new year problems over new EEC rules

House of Commons

It was agreed that uncertainty and confusion existed in the road haulage industry over the delay by the EEC Commission of their decision on the way in which the drivers' hours and distances regulations would be implemented. Mr William Rodgers, Secretary of State for Transport, said.

Mr Colin Shepherd (Hereford, C) asked when the minister would announce the final details of the transitional arrangements for the implementation of drivers' hours and distances regulations.

Mr Rodgers (Teesside, Stockton, Lab)—As soon as I receive the decision of the EEC Commission.

Mr Shepherd—There is considerable uncertainty and confusion at the delay. Will he recollect that in the autumn of 1976 he forecast ways and traffic routes the distance of 450km is inadequate? Will he use his best endeavours to see that it is extended?

Mr Rodgers—He refers to one aspect of this problem where there is no doubt in my mind that I agree about the uncertainty and confusion which exists. I wish we had had a firm indication before now of the stages for implementation and he may take it from me that I am doing my best to get a firm reply as soon as possible.

Mr Donald Stewart (Western Isles, Soc—Nat)—The Highlands area covers one sixth of the land mass of the United Kingdom and the railway network is sparse. Implementation of EEC directives on drivers' hours will place a heavy economic burden on the region.

Mr Rodgers—I will bear that in mind. It also applies to other parts of the United Kingdom and in discussing these matters in Brussels prior to the decision of October 27 I was aware of the importance of it.

Mr Nicholas Winterton (Macclesfield, Lab)—The regulations will face the haulage and passenger transport contractors with new inflexible restrictions and extra costs will be forced on the industry and inevitably on the customer. What action is he taking?

Mr Rodgers—We succeeded in Luxembourg in negotiations by which these drivers' hours regulations could be introduced over three years instead of having to implement them from January 1, 1978.

The industry takes the view that this is a sensible gain. But we recognize it still depends on the final decisions of the Commission and beyond that on the ability of the industry to absorb the extra cost.

Mr Ronald Attfield (Preston, North, Lab)—The shorter hours and shorter distances would be as unacceptable to British drivers as to those on the continent if the British drivers did not have such astoundingly low basic wages and had to live, as they do, on overtime.

Mr Rodgers—I wish he could endorse what is true that some drivers of heavy vehicles are paid badly and the firms concerned should look to it.

Mr Norman Fowler, Opposition spokesman on transport (Sutton Coldfield, C)—The deadline in January 1, 1978, does not expect the road haulage industry to meet it.

As the fitting of tachographs is the only practical way to avoid the distance limits, many firms want to come to an agreement voluntarily with the unions. What will the Government do to help resolve those difficulties with the unions?

Mr Rodgers—In the absence of any plain statement then we are to implement the regulations from January 1. It is not known how it

is to be done. There is no way out of the impasse. I shall inform the industry as soon as I have the information required.

The 450km limit is something we are obliged to take account of but there is scope because it allows for the carrying of two drivers.

Mr John Ellis (Brigg and Scunthorpe, Lab)—Many drivers in the EEC feel they are being subjected to processes as a way of pressuring them to accept the tachograph. This is no way to achieve agreement.

Since these regulations have the force of law in January and the details are not yet cleared up this is another example of EEC legislation. There should be no prosecutions until they are.

Mr Rodgers—We should all be relatively relaxed about the situation because there is a quick way around it. I take the points he makes.

Mr David Penhaligon (Truro, C)—What advice has to offer a Cornish broccoli grower who discovers he is 301 miles from London and 251 miles from London via the A30, which goes through many villages?

Mr Rodgers—I would hesitate to give any advice to Cornish broccoli growers. (Laughter.) These are issues which will be sorted out by the industry. It has found itself possibly in a bind.

In the light of the fact that the industry has grown, is prosperous and has contributed substantially to Britain's economic strength, I think these problems will be solved in due course.

Mr Peter Temple-Morris (Leominster, Lab)—What will be the impact of the tachograph and journeys over 450km?

Mr Rodgers—There are two separate issues involved. Mr Frolík told me that he will be introducing, as promised to the EEC, the tachograph as part of the implementation of drivers' hours and distances from January 1? (Labour interjection: "You must be joking.")

Mr Frolík was introduced to Mr Ernest Roberts, the former general secretary of the AEU and now prospective Labour candidate for Hackney North and Stoke Newington. (Labour interjection: "He's a communist.")

A little while later Frolík was admonished and told to keep away from Mr Roberts with the order: "You can't see him socially and he is all—"

Ernest Roberts was a party spokesman and Mr Roberts allegedly told Frolík: "Joe, I know you are disappointed in me. I know what you wanted but I can be of no use to you personally but I have a good record."

At another party Roberts asked Frolík to wait in an anteroom and he introduced him to a friend. It was Mr Hugh Scanlon.

I am (the shadow) reporting what a Cornish grower asked—Will he consider that he will be introducing, as promised to the EEC, the tachograph as part of the implementation of drivers' hours and distances from January 1?

The secret is that it is somewhat different to provide a new set of regulations relating to the use of the tachograph and journeys over 450km.

The obligation is not there to carry the tachograph on double journeys. It is not quite as simple and not in the same category as the earlier matter which will be in force from January 1.

Mr Norman Fowler—The employment of two drivers as an alternative to the tachograph is still an unrealistic suggestion to put forward to the road haulage industry.

What help, if any, will the Government give to help resolve the clear difficulties which will arise from a voluntary basis of the tachograph, because the road haulage industry will have regarded his answers up to now as unsatisfactory?

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Conservative MPs demand inquiry into statements in letter from Czech defector

During the debate on the motion that the Commons should adjourn for its Christmas recess on Friday until January 9.

Mr Stephen Hastings (Mid Bedfordshire, C) said he was concerned at information provided by a Czechoslovak defector, Joseph Frolík, who was a senior intelligence officer in the Czech intelligence service. He had served the United States in 1969 and would be best remembered for his spectacular assertion that Mr John Stonehouse was a Czech spy.

He had certain evidence in his possession that suggested in 1963 Frolík met Mr Ted Hill of the boilermakers union who revealed he was a secret communist. They became firm friends and they met a high-ranking Russian officer in the KGB. But when Frolík sought permission to recruit Mr Hill, he was told "no". He was told of that particular share. He is being run from a stable nearby.

He then started to try to recruit Jack Jones but such things cost a lot of money. He was told to drop him. Later he concentrated on Mr Richard Branson, now the general secretary of Natsopa. Frolík thought he had struck lucky at last but his association with Mr Branson was brought to an end, as was his career.

Frolík was introduced to Mr Ernest Roberts, the former general secretary of the AEU and now prospective Labour candidate for Hackney North and Stoke Newington.

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Mr Peter Temple-Morris (Leominster, Lab)—What will be the impact of the tachograph and journeys over 450km?

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During the debate on the motion that the Commons should adjourn for its Christmas recess on Friday until January 9.

I suggest what Mr Hastings was trying to do (the continued) was not trying to get an inquiry going. He was after selling that book which apparently has not been selling awfully well. (Laughter.) Perhaps he should have a trial.

There had been a report from the Department of Trade on his book and he had given it to the London and Country, but this was never dealt with.

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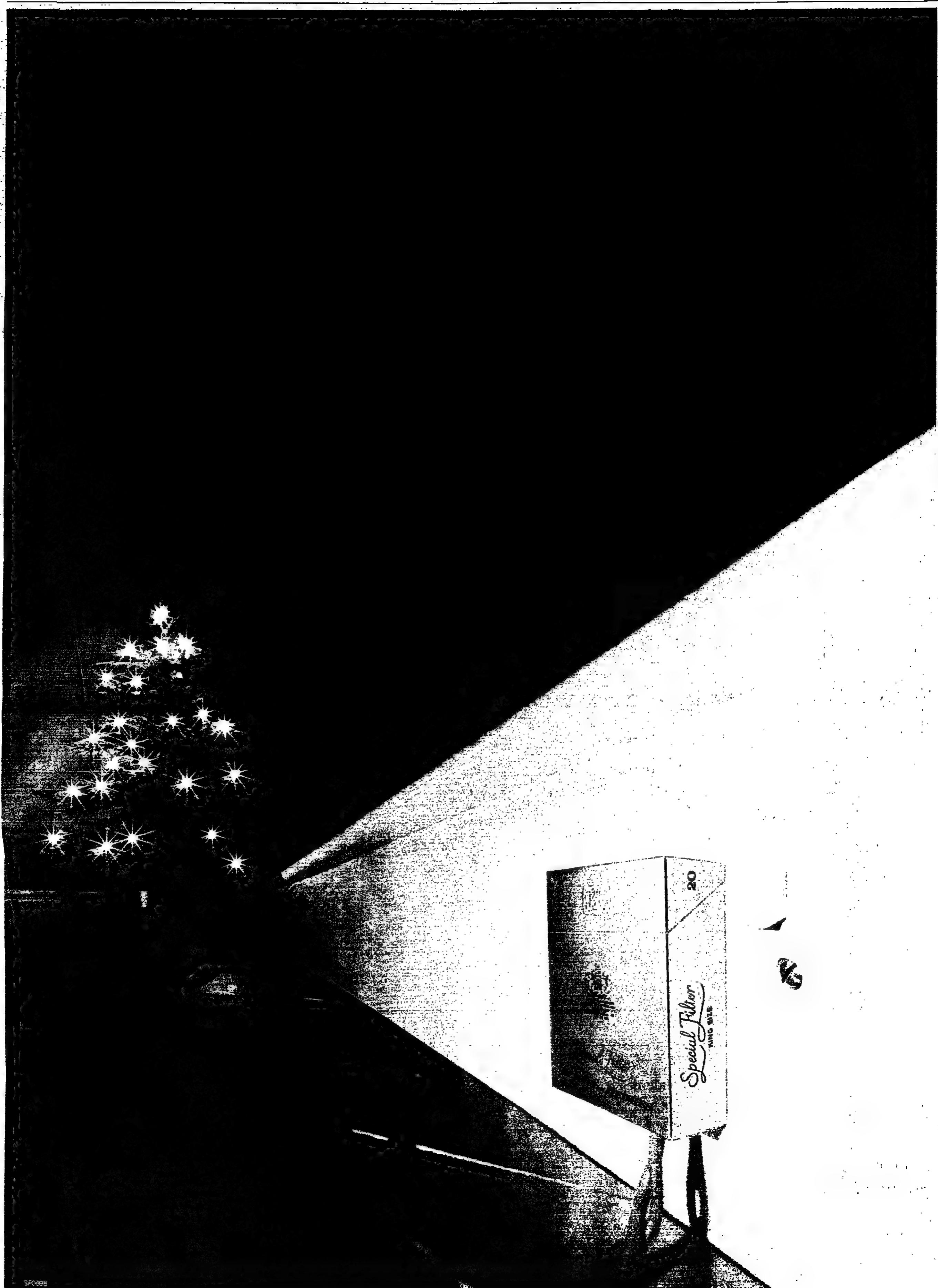
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THE TIMES



SFC995

MIDDLE TAR As defined by H.M. Government
H.M. Government Health Departments' WARNING:
CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEALTH

Andrei Sakharov argues that savagery can beget only savagery

This is an extract from a message sent by Andrei Sakharov to the Amnesty International Conference held in Stockholm on December 10 and 11.

I regard the death penalty as a savage and immoral institution which undermines the moral and legal foundations of a society. A state, in the person of its functionaries, who like all people are inclined to making superficial conclusions, who like all people are subject to influences, connexions, prejudices and egocentric motivations for their behaviour, takes upon itself the right to the most terrible and irreversible act—the deprivation of life. Such a state cannot expect an improvement of the moral atmosphere in its country. I reject the notion that the death penalty has any essential deterrent effect on potential offenders. I am convinced that the contrary is true—that savagery begets only savagery.

I deny that the death penalty is practically necessary or effective as a means of defending society. The temporary isolation of offenders which may be necessary in some cases must be achieved by more humane and more flexible measures which can be amended in the event of judicial error or changes in society and the personality of the offender.

I am convinced that society as a whole, and each of its members individually, not just the person who comes before the courts, bear a responsibility for the occurrence of a crime. There are no simple solutions for reducing and eliminating crime and in any event the death penalty provides no answer. The reduction of crime and even its full elimination can be achieved in the future only through prolonged evolution of society, a general humanistic ascent instilling in people a deep respect for life and human reason and greater attentiveness to the difficulties and problems of one's neighbour. So humane a society is now no more than a dream.

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I consider that the essential importance of the full abolition of the death penalty justifies looking away from those objections by advocates of its retention which are based on fragmentary exceptional circumstances.

Will still a child I read with shuddering the distinguished anthology *Against the Death Penalty*, published in Russia with the participation of my grandfather I. N. Sakharov in 1906-1907 during the years of executions after the 1905 revolution (Svint Publishers). I know the impassioned statements of the writers Lev Tolstoy, Dostoevsky, Hugo, Korolenko, Rozanov, Tchaikovsky and many others.

From the above-mentioned anthology I know the arguments of a number of scholars—Solov'ev, Bazhenov (the psychology of condemned persons), Gerner, Golosov, Davydov and others. I share their conviction that with its psychological horror the death penalty is not commensurate with the majority of crimes and that it is never a just retribution or punishment. And indeed there can be no question of punishment of a person who has ceased to exist. Like them I believe that the death penalty has no moral or practical justification and represents a survival of barbaric customs of the Middle Ages, and calculated revenge, with no personal danger for the executioners, with no temporary insanity on the part of the judges, and therefore shameful and disgusting.

I pause briefly on the currently widely discussed subject of terrorism. I consider that the death penalty is totally ineffective for the struggle with terrorism and other political crimes committed with fanatic modus. In such cases the death penalty serves only as a catalyst for a more massive psychosis of lawlessness, revenge and savagery. This does not mean that I in any way justify contemporary political terrorism, often accompanied by the death of uninvolved per-

sons who just happen to be on the scene, by the taking of hostages, including children and by other dreadful crimes. However I am convinced that prison confinement, possibly under laws which would in cases indicated by the court forbid release ahead of sentence, is a more effective means of physical and psychological isolation of terrorists for the prevention of further acts of terrorism.

The abolition of the death penalty is especially important in such a country as ours, with its unrestricted dominance of

state power and uncontrollable bureaucracy and its widespread contempt for law and moral values. You know of the decades of mass executions of innocent people which were carried out without any semblance of justice (while still more people perished without any court judgment at all). We are still living in the moral atmosphere created in that era.

I wish especially to draw your attention to the fact that in the Soviet Union the death penalty is assigned to many crimes which in no way involve attempts on human life.

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Some of these cases involve death sentences. Here is one such case. I have before me a copy of the court verdict in the case of Rafat Shaimukhametov, documents of his case prepared by lawyers, lawyers in his defense. On May 31, 1974, in Isoly-Kule Shaimukhametov, a worker and by national-

ity a Tatar, was sentenced to be shot. He had been convicted of murdering a female shop assistant with motives of robbery together with two young accomplices. (The latter were sentenced to several years' imprisonment.) Shaimukhametov denied his guilt, refused to ask for pardon and declared a hunger strike. He passed 20 months in the death cell expecting either execution or a review of his case.

Throughout this time his mother and lawyers submitted dozens of complaints, but all higher instances sent them back without any examination of the matter. In January 1976, the sentence was carried out with the sanction of the Deputy Procurator of the USSR, Malyarov.

The total number of executions in the USSR is not officially secret—but there are grounds to suppose that it now comprises several hundred persons a year—that is, more than in most other countries where this barbaric institution still exists. There are also other features of our contemporary reality which are relevant to the matter under discussion. I mean the grievously low cultural and moral level of our present criminal procedure, its subservience to the state, and frequently its corruption, accessibility to bribes and dependence on local "leadership".

I receive a great many letters from persons convicted in criminal cases. Although I cannot check out these cases in every concrete instance, taken altogether they create an irreducible and terrible picture of illegality and injustice, of superficial and prejudiced investigation, of the impossibility of obtaining review of clearly mistaken or dubious verdicts of beatings during police questioning.

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LIB-LAB RELATIONS

The rejection by the House of Commons of proportional representation for the European Parliament, and in particular the size of the rebellious Labour minority, has brought a new uncertainty to British politics. But this does not mean that there is bound to be an early general election. The Liberals have been generally embarrassed. Their position was already difficult enough. The parliamentary pact they formed with Labour last March has brought considerable advantages to the Government. It has given a new lease of life and sense of security to an administration that was on the brink of defeat and it has coincided with a period of more effective and acceptable rule. How far it has been the cause of the second of those changes may well be disputed, though it has at least provided Mr Callaghan with a useful additional argument for the moderate policies that he would, in all probability, have wished to pursue anyway.

But whether or not it is fair for the Liberals to claim the credit they have not yet been given by the electorate. With the exception of Saffron Walden, where the result could be interpreted in more than one way, the by-elections have been disappointing for them. They are seen not as the people's watchdog but as the Government's poodle. This is largely because they are believed to have kept

Ministers in office without exercising any powerful influence over them. So those who disapprove of the Government blame the Liberals for maintaining them in power, while those who believe that the country is now being governed relatively well give the credit to Mr Callaghan.

This does not prove that the Liberals were wrong to form the pact. They were then, as they are now, seeking some avenue of escape from a position of weakness. But it does emphasize his leadership even if it did not provoke a leadership crisis. But there can be no doubt of the mounting criticism of the pact within the party.

The withdrawal of the Liberals from the pact would destroy the Government's sense of security, but it might not force a general election. It might be thought that Nationalist parties would not wish to unseat the Government until not only the Scotland and Wales Bills are on the statute book and the respective referendums have been held as well—although in the case of the Scottish Nationalists at any rate that would be a very unsafe assumption. Most of the Northern Irish MPs would also be likely to support the Government. So the Government would probably retain a parliamentary majority on paper without that assurance of being able to plan ahead that is the main benefit which has been conferred on them by the pact with the Liberals.

CAN BONN KEEP SECRETS?

There are two distinct issues in the spy scandal afflicting the West German Defence Ministry. First, it is now known that large quantities of highly sensitive military information were passed to East Germany and that some employees of the ministry were arrested for the offence about eighteen months ago. Secondly, the reason this has become known is that a secret report on the case written by an independent expert inside the ministry has appeared in the *Frankfurter Allgemeine Zeitung*. The Minister, Herr Leber, has called this "a second case of treason" and the Opposition is calling for his resignation.

The first part of the story is obviously disturbing. More than a thousand top secret documents reached East Germany giving details of West German and Nato forces and crisis planning. Legitimate questions have been asked about why certain people with no obvious need had access to such information. Nor is this by any means the first spy scandal in Bonn. Herr Brandt's resignation as Chancellor was precipitated by the discovery that an East German agent had become a senior member of his staff. Arrests in lesser cases are relatively frequent. West Ger-

many, in fact, is riddled with spies. Altogether it is estimated that there are up to 4,000 at work, of whom three quarters come from East Germany.

No country, least of all Britain, with its memories of Mr Phibby and others, can be smug about espionage, but West Germany is obviously particularly vulnerable. It is in the front line of Nato's defence and it is also part of a divided country. East German refugees receive aid, sympathy and immediate West German citizenship. Until the Berlin wall was built in 1961 they came over in large and growing streams. Since the wall they have continued to come in smaller numbers, sometimes escaping across the frontier, sometimes finding other routes, sometimes bought out for cash, and occasionally granted reunification with their families for humanitarian reasons. To plant agents among them is a relatively simple matter. There is no language problem and often no need for elaborate cover stories. Another factor is that the number of divided families makes it easy to put pressure on people already in West Germany by threatening retaliation, against relatives in the East if cooperation is refused.

As for the lead to the press, it has obviously embarrassed the Government and the Minister of Defence in particular, but has it really damaged the national interest? The East Germans already have the information and know which suspects have been arrested. That the West German public should learn about the case can scarcely make matters worse. It could even help by stimulating public interest and sharpening public scrutiny of the way the bureaucracy operates. If there has been laxity it should be exposed to view.

WINNING A BATTLE FOR PRESS FREEDOM

As the Darlington newspapers closed since August because of a journalists' strike began to reappear, it seems clear that the strikers have failed in their union's first serious attempt to compel an employer to accept a closed shop. The strikers themselves have apparently not yet admitted defeat, but it is improbable that they will be able to win themselves when they could not do so with the powerful assistance of the printing unions. The National Graphical Association decided last week to withdraw their support after three months' co-operation. The papers concerned had been produced for two months until August by staff members who had never joined the National Union of Journalists, and there is every reason to think that they will be able to resume publication without difficulty, unless the long interruption has itself caused too great a loss in readership.

The strike is already the longest in the history of the NUJ. The tenacity of the Darlington journalists shows that they are convinced that the issues involved are vital to their interests. The action began when the management of the *Darlington and Stockton Times* refused to dismiss a newly-appointed sub-editor who was not a member of the union and would not join. Only

about half the editorial staff were in fact NUJ members at the time. The question of the closed shop has aroused bitter feelings in the NUJ in recent years—more bitter in the provincial than the national press. In Fleet Street, where official or unofficial closed shops are common, wage rates are much higher than they are in provincial newspapers. The union has a longstanding commitment to the closed shop in principle, and the Darlington affair was embarked on as a test case.

It was probably a mistake to choose as opponent an employer with a steady hostility to the closed shop and strong economic resources. Westminster Press offered a job-evaluation inquiry and an independent review of salary levels beside those on other local papers, and made it clear that 100 per cent NUJ membership was entirely acceptable to it. It even offered to appoint no more non-members until the Government's "closed shop" Press Charter came into effect. But it would not forgo its right to look for staff outside the union if it wished. For its part, the union repeated that the desire for a closed shop did not involve any ambition to use it to control editorial content.

Unfortunately recent history has provided all too many examples of trade union attempts

to interfere with the content of the media. The NUJ's welcome for a boycott imposed by the Labour Party on Westminster Press reporters at the party's annual conference was scarcely a reassuring sign. At much the same time a journalist was refused a union card because he had once worked for a National Front publication, and an attempt was made by the union to impose highly subjective rules (with penalties for disobedience) regarding the reporting of racial affairs.

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are quite rightly reluctant to use withdrawal of labour as a means of blackmailing the Government that indirectly employs us to provide higher wages and salaries, which, though once adequate to permit us to concentrate our concern on our customers rather than our dependents, are now lower than those in comparable posts in industry and the independent professions. But if we are not to strike for the sake of the public's ease of mind, we are surely owed the support of public opinion in trying to achieve a reasonable standard of living (say a 10 per cent rather than a 40 per cent drop over the past quarter).

Our problem is that because we are not employed by government but are not in a real sense civil servants, we fall between two stools; and we can not expect support from the TUC because it is no more unscrupulous members of that body which make it impossible for the Government to concede our case without setting a disastrous precedent. Could your columns suggest through your columns that public servants of our kind (I count the Civil Service as masters) should

Defending Europe from missile attack

From Lord Kennet

Sir, Your sensible article "The defence of Europe" (December 10) omits, as does almost all public discussion, one fact which determines most of the others. You rightly mention that the Americans are considering whether to include their own "grey area weapons" in the Strategic Arms Limitation Talks (SALT). The grey area in question is between "strategic" and "tactical", and the weapons are those bombers and missiles in the American armory which can hit Russia from Western Europe, but not from America.

What you omit is the question whether they, or anyone else, are considering including the corresponding Russian weapons in SALT or in anything else. For 15 years now, we in Western Europe (and in Israel, China, Japan, India, etc) have had Soviet missiles targeted on us which cannot reach America. They are "tactical" to the United States; to Western Europe they are "strategic" indeed, and if NATO will act on such unambiguous indicators, the warning will then clearly amount to some time, perhaps 5 or 6.

If, on the other hand, the Soviet Union were to delay their submarine and surface deployments until they had launched a major bombing attack on the Central Front, they would be markedly less well placed to interfere with the Atlantic Sea route: an alerted Alliance naval force could make surge deployment costly. Both scenarios are frightening but they are "either/or" rather than "and/or".

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For years, when this matter has been raised in Western public debate, British and other governments have returned the answer: "Don't worry, the Soviet IRBMs are old, they are safe, they will have no nuclear effect".

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Law Report
December 14 1977

Acas' inability to question stay-at-work employees renders report void

Grunwick Processing Laboratories Ltd v Advisory, Conciliation and Arbitration Service and Others

Before Lord Diplock, Lord Salmon, Lord Edmund-Davies, Lord Fraser of Tullybelton and Lord Keith of Kinkel

The House of Lords held that a report by the Advisory, Conciliation and Arbitration Service (Acas) in March, 1977, recommending that Grunwick Processing Laboratories Ltd, of Willesden, London, should recognize a particular trade union for the purposes of collective bargaining, should be declared void because the recommendation was made without Acas first ascertaining the opinions of about two-thirds of the work force at Grunwick which had continued to work throughout the industrial troubles. Their Lordships held that on the proper construction of section 14(1) of the Employment Protection Act, 1975, Acas was under a mandatory duty to ascertain the opinions of those still at work in spite of the uncooperative conduct of the employers.

The House dismissed an appeal by Acas from the Court of Appeal (the Master of the Rolls, Lord Justice Browne and Lord Justice Geoffrey Lane) (The Times, July 30), which on an appeal by Grunwick from Lord Widgery, the Lord Chief Justice

(The Times, July 13) had held that the Acas recommendation that Grunwick should recognize the Association of Professional, Executive, Clerical and Computer Staff (Apex) for the purpose of collective bargaining, and in particular on the meaning of section 14(1).

Section 12(1) of the Employment Protection Act provides: "(1) . . . when a recognition issue is referred to the Service [Acas] . . . the Service shall examine the issue, shall consult all parties who it considers will be affected by the outcome of the reference and shall make such inquiries as it thinks fit."

Section 14(1) provides: "In the course of its inquiries into a recognition issue under section 12(1), the Service shall ascertain the opinions of workers to whom the issue relates by any means it thinks fit, but if in any case it determines to take a formal ballot of those workers or any description of such workers, who it considers will be affected by the outcome of the reference and shall apply . . ."

Grunwick's business was producing colour photographs for customers. Its work force was largely composed of immigrants of Indian descent from Upminster, a considerable number of whom were engaged temporarily during the summer vacation, which coincided with the busier period. On August 23, 1976, a student was dismissed for disciplinary reasons. Other students were asked to sympathize and by the end of the month there were 91 members of

the regular work force on strike, as well as 46 students.

Many of those on strike joined Apex which approached Grunwick with a request to negotiate on their behalf. Grunwick declined, and after some violence on the part of some of the strikers, Grunwick, on September 2, dismissed them all.

On October 15 Acas referred to Acas under section 11 a "recognition issue"—whether Apex ought to be recognized by Grunwick as representing all its weekly paid workers (including those dismissed on September 2 and wanted to be re-employed) for the purpose of collective bargaining.

Acas' duty was laid down by section 12(1). It involved a three-fold process: (1) examination; (2) consultation; and (3) inquiry: but under (3) the subsection imposed no requirement as to the scope or the nature of the inquiries which Acas must undertake or the manner of conducting them. The apparently uncooperative discretion was, however, curtailed by section 14. Section 14(1) made it plain that the workers to whom the issue related were not included in the parties who were to be the subjects of "consultation" under section 12(1): they were the subjects of "inquiries" to be made under that subsection.

It can be seen at once that under section 14(1) of ascertaining the opinions of workers to whom the recognition issue related, Acas proposed no address to the question to them. For that purpose Acas sought to obtain the names and addresses of all Grunwick's weekly paid employees, including those dismissed on September 2 and

available for reemployment, as well as those still in work. Acas gave the names and addresses of all the workers who had joined the union, 110 in number but consisting almost entirely of those who had been dismissed.

Acas asked Grunwick for the names and addresses of all the workers still on its payroll. Grunwick, however, was of the view that former employees who had not been dismissed should not receive the questionnaire: Acas conceded that claim, and, pending the resolution of the controversy, Grunwick was unwilling to supply Acas with names and addresses.

The Act imposed no time limit on the duration of the process of examination, consultation and inquiry into a recognition issue by Acas. It was exhorted by section 12(3) to encourage settlement of the issue by agreement; but if that failed, a duty was imposed by section 12(4) to "prepare a written report setting out the findings and advice in connection with those findings and any recommendation for recognition and the reasons for it, or, where no such recommendation is made, the reasons for not making any recommendation."

Acas was of opinion that by the end of December the situation, which had already given rise to violence and disorder, had reached a pitch called for an early report, lest it might deteriorate still further. So on December 29 it distributed the questionnaire to those workers, the great majority of whom had been dismissed. The report was not distributed to the weekly paid workers then on Grunwick's payroll (apart from

a small handful). Although they numbered between 225 and 250, their views were never ascertained.

From the 110 given the questionnaire 95 replies were received: all said that they were members of Apex, and that they wanted Acas to negotiate with their employer about their pay and conditions of employment.

Equipped with that information on the opinions of one-third of the workers to whom the issue related, Acas, on March 10, 1977, recommended the recognition of Apex by Grunwick for the purpose of collective bargaining. Its report expressed regret at its inability to ascertain the opinions of the other two-thirds of the workers, stating: "We had no information as to the names, addresses and other available means of access of the remaining workers still working in the company, and so their opinions could not be ascertained."

In April Grunwick began an action against Acas and Apex for a declaration that the report was ultra vires and void, the principal ground being that Acas should not have ascertained the views of those workers who had been dismissed because they were seeking reemployment, as they were not "workers to whom the issue relates". That ground of invalidity had been rejected by the Lord Chief Justice and the Court of Appeal, which his Lordship found convincing.

For the purposes of the Employment Protection Act, 1975, section 2(1) of the Trade Union and Labour Relations Act, 1974, defined workers as "an individual who works or works for a person by following his or her directions or control, whether or not under a contract of employment".

It was enough to establish his Lordship had it criticized Acas' conduct. He would find that a group of employees who had been dismissed for going on strike were among the most likely to need the services of a union to negotiate their reengagement and that that would obviously have been one of the first matters Acas would want to raise with Grunwick.

The defect is what Acas did, which all three members of the Court of Appeal held to be ultra vires and so rendering its recommendation void: its failure to ascertain the opinions of more than 200 weekly paid workers still employed by Grunwick. That had not been raised by Grunwick until its reply; but after considerable argument his Lordship thought the appeal could be disposed of on Acas' finding in paragraph 22.

The Lord Chief Justice had held that the provisions of section 14(1) were directory, not mandatory; on Grunwick's appeal all three members of the Court of Appeal rejected that construction and held that the obligation was mandatory and also that the obligation imposed on Acas was to ascertain the opinions of all the "workers to whom the issue relates".

His Lordship agreed with the Court of Appeal that the requirement in section 14(1) that Acas "shall ascertain the opinions of workers to whom the issue relates" was mandatory. He could not accept the Lord Chief Justice's qualification that the obligation was "so far as is reasonably practicable". Prime fact, the decision, was one of fact, was one which the public authority by whom the statutory functions were exercised would have jurisdiction to decide for itself, and a court of justice would not have jurisdiction to interfere with its decision except on the third ground stated by Lord Greene in *Associated Provincial Picture Houses Ltd v Wednesbury Corporation* [1948] 1 K.B. 223, in which the court on an application which the court could hold to be ultra vires and hold a decision of an administrative body made in purported exercise of a discretion which a statute had conferred on it.

What did the express words mean? His Lordship thought that their true construction was that in the context of the remaining subsections and of section 14(1) made manifest a statutory intention that Acas should make a recommendation under section 12(4) and (5) for recognition of a particular trade union for the purpose of collective bargaining on behalf of the work force of a particular employer. Acas was to ascertain and take into consideration the opinions on that issue of the work force as a whole; and where there was a reasonable possibility of conflict of opinion Acas should ascertain and take into consideration the views of every group of workers of any significant size that formed part of the work force which would be affected by the recommendation.

His Lordship thought the omission of the word "any" before "workers" was deliberate. In order to make it clear, on the one hand, that minority views were not to be excluded from Acas's consideration and on the other, that the opinion of each and every one of the workers would not be fatal to the validity of any recommendation it might make. His Lordship found support for a formal mailing provision for a formal ballot.

As in the case of other means of ascertaining the opinions of workers, Acas was given by section 14(4) a wide discretion as to the manner in which a formal ballot might be conducted.

The illegality in the procedure adopted by Acas, if it amounted to an illegality, did not lie in its issuing the questionnaire to the workers who were named and addressed it had obtained, but in its admitted failure to ascertain by any means at all the opinions of a two-thirds majority of workers to whom the issue related.

His Lordship did not want to say anything which might blunt the dissent of Acas on the issue.

It should adopt to ascertain the opinions of workers.

It was for Acas, not the court, to decide the most convenient way of carrying out that duty—whether by ballot, meetings, interviews with spokesmen whom Acas considered representative of the work force as a whole or of particular groups within it, or by some other means. His Lordship's conduct as in the case of those who did not avail themselves of the opportunity to vote in a ballot or answer a questionnaire, or by a combination of any of those suggested means—which were not exhaustive.

It was also for Acas, not for the court, to decide what weight to give to the opinions of workers in its consideration of what recommendation for recognition it should make.

It was for Acas to make such recommendation as it thought best, but not to make one which any recommendation for recognition so long as it remained in ignorance of the opinions of the majority of the work force or of what might be conflicting opinions held by any group of significant size.

One could sympathize with Acas

in the dilemma in which it found itself at the close of 1976. An early report was, in its judgment, necessary if the growing violence engendered by the dispute was to be quelled, and it was concerned with difficulties in ascertaining the opinions of those workers still employed at Grunwick. It did not feel justified in inferring from their conduct in continuing to run the gauntlet of the picketing over the previous four months that the opinions of most of them were favourable to being represented by Apex, which had made the strike official.

Equipped with that information on the opinions of one-third of the workers to whom the issue related, Acas, on March 10, 1977, recommended the recognition of Apex by Grunwick for the purpose of collective bargaining. Its report expressed regret at its inability to ascertain the opinions of the other two-thirds of the workers, stating: "We had no information as to the names, addresses and other available means of access of the remaining workers still working in the company, and so their opinions could not be ascertained."

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Confronted by that difficulty Acas had two courses lawfully open to it. There was a statutory time limit within which it had to report, and it could have deferred reporting until it had devised some other means of ascertaining the opinions of those workers whose names and addresses Grunwick were unwilling to provide. Or it could have reported under section 12(4) sorting out its finding that it was unable to ascertain the opinions of the majority of workers and for that reason was debared from making any recommendation.

Acas's final argument was that even if the court were of opinion that the report was ultra vires, it should nevertheless refuse to make a declaration to that effect because Acas's inability to comply with the mandatory requirements of the Act was due to Grunwick's own conduct in refusing to cooperate.

When a statutory authority had held that all three members of the Court of Appeal held to be ultra vires and so rendering its recommendation void, it was the opinion of the court that the majority of workers and for that reason was debared from making any recommendation.

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NEW BOOKS

A peculiar, polyglot pull

Travellers to Trieste
By Nicolas Powell
(Faber, £5.95)

Egon Schiele ran away there with his sister, and it was also in Trieste, we learn from Nicolas Powell's new book, that Freud, after innumerable dissections, failed to find the sexual organs of the eel. The first art historian of Europe was murdered in his hotel and the killer was broken on the wheel, such things being still permitted by the Austrian Government in 1763. For Trieste, an immemorial frontier town where Latin, Slav and Teuton forces meet, was Austria to all extremes and purposes, for half a millennium from 1362 to 1918. Chateaubriand put it another way: "The last breath of civilisation", he announced in 1806, "expires on this coast where humanism starts", but then he didn't care for Venetians.

Stendhal was appointed French Consul in 1830 and even for a Frenchman who knew how to enjoy himself delight soon turned to dismay. "It blows a *bora* twice a week", he wrote in the following February, "and a high wind in five days a week. I call it a high wind when I hold on to my hat and a *bora* when I am in danger of breaking my arm." The notorious blast of the mountains was no more tender with the British representative 40 years later, nearly during Pius IX's visit. "I had my carriage into the sea. Such unlocked for excitements made poor compensation for the absence of real pleasure and hard work. "Here is six hundred a year for doing nothing", said Lord Derby to Burton's predecessor Charles Lever, "and you are just the man to do it." Lever, like Stendhal, was at first enchanted by the setting of the city, but swiftly concluded: "of all the dreary places it has been my lot to sojourn in this is the worst".

Nicolas Powell writes with sympathy and affection for the swimming and fencing Burtons, allowing them a more extended

than most of the figures in *Travelling to Trieste*, a brief and rather breathless exploration of an attractive, subtle theme. Mr Powell is an authoritative enthusiast on all matters Austrian and Viennese, and the peculiar, polyglot pull of Trieste—even for someone who has never been there, like me—is felt most strongly today not in Venice or Rome, but in Vienna, where at least one faded stone tribute to the exciting securities of Austria Lloyd may still be picked out high on a building just off the wheel.

Travellers to Trieste is full of good stories and historical gossip, even though it is too short, but the publishers have not, I am afraid, served Mr Powell's enthusiasm well. As a writer he is attracted above all to visual and social curiosities and the format suits his style best: the illustrated book—like his last, *The Sacred Spring*, a handsome, brilliantly-illustrated introduction to Viennese cultural life around 1900. *Travellers to Trieste* contains a map of the Trieste area but not, incredibly, one of the city itself, and a mere 20 illustrations are squashed on to 12 pages in the middle of the book.

The last years of the Austro-Hungarian Empire are fabulously rich in photographic material, but here only tiny fraction of its articulate atmosphere may be guessed at—black bonzai figures crossing white marble squares, peacock and mandarin, a neo-Classical church, a street-like Grand Canal.

To employ a writer and art-historian one of whose particular talents is to discover such unfamiliar, not to say arcane, phenomena of nineteenth-century taste as Piero Maggi's sculpture group *Cutting the Isthmus of Suez* and Lionello Balemester's painting, *Listening to Beethoven* (1900) and not to help him make his point by illustrating them is crazy. When time stops as curiously as it has in Trieste, the cameras should be there. Mr Powell and his subject deserve them.

Michael Ratcliffe

concluding personal note she writes that, although Kolya is fictitious, she has drawn on his historical records. Perhaps because of the vagueness of her material (1900-68) there are a few generalizations that jar, mostly at the beginning, but past these her book has its own creative life. I also recommend her first novel, *The Spouse of the Beast*, set in Russia during the 1850s and partly based on the life of one of her relatives who was a governess to the children of the governor of Kharkov. Patricia Wright is a rising star of informative, easy-flowing fiction.

Mr Plumb's *A Pebble from Rome* is funny, tender and rousing. His main character, Conway, delights in causing ample disquiet, as his wife would say, which is why they live in two houses: their country house is only four miles away from their town house, but when Conway starts hectoring his wife and adopted 10-year-old son on "armbands and carbolic acid, the only way to purify our race" or "the shoe-polish powers" (blackshirts and brownshirts) who are gleaming, neat and tidy, his wife, Wells, says to the boy, "Gordon, moving day."

Gordon tells the story of their endless leaving and returning. Conway who rarely does anything, who has inherited a fortune after being poor and for a short time in the early Thirties insists that only fascism will improve him; his need for unquestioning devotion and iron fantasies is gently sublimated, and so is his wife's sanctuary of laws and readings of "The Song of Solomon". Some of their isolated illusions remain a puzzle, almost acceptable, but Gordon's excited love, the gently revolutionary, kind and honest of the ideal world he depicted without evasion. Mr Plumb, well-known for his BBC radio stories, has written a superb first novel.

The scale of *Journey into Fire* is large but Mrs Wright concentrates on one man who considers the twentieth century is specially his own: Kolya, a Russian born in 1900. His parents are exiled to a village for complicated associations with revolutionaries, and he goes to live with his English grandmother in St Petersburg; there are fine scenes here of elegance, the enthralling music, the 50 varieties of bread sold at Filippov's bakery on the Nevsky Prospekt, the neglect of wretchedness. Kolya longs to be a composer but he joins the cavalry in 1917, which fights without horses or guns, using only knives and clubs. During a brief respite they discover that Russia has become republican and the narrative follows Kolya's gradual acceptance of communism, his loving marriage to a royal party member, his display of the ferocity towards Kulaks and his part in the vengeful bureaucracy. He does resist relatively often, though, and the book is particularly affecting on Kolya's torments in differing with those he loves, respects, enjoys being civil to.

He emerges from prison and labour camp optimistic to an extent about the future and his children. To me he seems to become invigorated by religion rather than politics but Mrs Wright is circumspect on his growing inner strength. In a

note to the editor she writes that, although Kolya is fictitious, she has drawn on his historical records.

Patricia Wright

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Stock Exchange Prices

Firmer at the close

ACCOUNT DAYS: Dealings Began, Dec 12. Dealings End, Dec 30. § Contango Day, Jan 3. Settlement Day, Jan 11
\$ Forward bargains are permitted on two previous days

BELL'S
SCOTCH WHISKY

After ye go

Stock Exchange Prices																															
1976/77	High	Low	Stock	Int. Gross Price	Chg	Yield	Vield	1976/77	High	Low	Company	Int. Gross Price	Chg	Yield	1976/77	High	Low	Stock	Int. Gross Price	Chg	Yield	1976/77	High	Low	Company	Int. Gross Price	Chg	Yield			
BRITISH FUNDS																															
1015 525	Treas	96.1878	100.00	10.576	7.623			1015 525	Treas	104.42	107.00	10.265	9.556			1015 525	Treas	104.42	107.00	10.265	9.556			1015 525	Wardrobe F.	117.5	120.0	10.303	9.44		
1016 525	Treas	104.42	107.00	10.265	9.556			1016 525	Treas	104.42	107.00	10.265	9.556			1016 525	Treas	104.42	107.00	10.265	9.556			1016 525	Deersfield	224	226	10.303	9.44		
1017 525	Treas	110.42	113.00	10.265	9.556			1017 525	Treas	110.42	113.00	10.265	9.556			1017 525	Treas	110.42	113.00	10.265	9.556			1017 525	York Trust	120	122	10.303	9.44		
1018 525	Treas	110.42	113.00	10.265	9.556			1018 525	Treas	110.42	113.00	10.265	9.556			1018 525	Treas	110.42	113.00	10.265	9.556			1018 525	Post	120	122	10.303	9.44		
1019 525	Treas	104.42	107.00	10.265	9.556			1019 525	Treas	104.42	107.00	10.265	9.556			1019 525	Treas	104.42	107.00	10.265	9.556			1019 525	Post	120	122	10.303	9.44		
1020 525	Treas	104.42	107.00	10.265	9.556			1020 525	Treas	104.42	107.00	10.265	9.556			1020 525	Treas	104.42	107.00	10.265	9.556			1020 525	Post	120	122	10.303	9.44		
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1022 525	Treas	104.42	107.00	10.265	9.556			1022 525	Treas	104.42	107.00	10.265	9.556			1022 525	Treas	104.42	107.00	10.265	9.556			1022 525	Post	120	122	10.303	9.44		
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1025 525	Treas	104.42	107.00	10.265	9.556			1025 525	Treas	104.42	107.00	10.265	9.556			1025 525	Treas	104.42	107.00	10.265	9.556			1025 525	Post	120	122	10.303	9.44		
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1037 525	Treas	104.42	107.00	10.265	9.556			1037 525	Treas	104.42	107.00	10.265	9.556			1037 525	Treas	104.42	107.00	10.265	9.556			1037 525	Post	120	122	10.303	9.44		
1038 525	Treas	104.42	107.00	10.265	9.556			1038 5																							

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THE TIMES

BUSINESS NEWS

Pension funds:
rich uncle
or Aunt Sally?
Page 27

Venezuela oil host in Mid-East trip to heal Opec prices split

From Roger Vieilvoie

Caracas, Dec 14
Dr. Valencia Hernandez, Venezuela's Oil Minister, flew out to the Middle East late last night in attempt to persuade the more influential members of the Organization of Petroleum Exporting Countries (Opec) to postpone their December 20 meeting here rather than see it divided by another serious disagreement over oil prices.

A government spokesman issued a denial playing down the significance of the flight and maintaining it was quite normal for Dr Hernandez to consult with his colleagues in Opec before an important meeting.

The minister's destination was thought to be the meeting of the Organization of Arab Petroleum Exporting Countries (Opec) scheduled to start in Bahrain today. Seven of the Arab members of Opec are attending the meeting: Saudi Arabia, Kuwait, Abu Dhabi, Qatar, Iraq, Algeria and Libya.

Dr Hernandez would be well placed to visit the Iranians if necessary. A government source said he would also be visiting Vienna.

Opec had set itself the target of reaching an agreement over prices before the ministers arrived in Caracas for next week's meeting.

But over the last few days it has become apparent to the hosts that there is still a very wide gulf between the moderates—Saudi Arabia, Abu Dhabi, Iraq and now Qatar—who want a freeze on prices and the hawks, led by Iraq, who favour rises of up to 23 per cent.

The great fear is that this lack of agreement could produce a split in the organization as happened at Boba, last December. However, failure to agree in Caracas could have more serious consequences for the organization because the moderate camp has been strengthened during the last year.

Dr Hernandez is hoping that

he will be able to produce the agreement that would enable the meeting to go ahead; but, if the gulf remains at the end of his unofficial discussions, he will suggest that next Tuesday's meeting is postponed.

The idea of a postponement rather than another public fight over prices has come from President Carlos Andres Perez of Venezuela.

Publicly, the high feelings running between the various Arab states over the Sadar Initiative would be the official reason for the postponement.

Within the organization it is not thought that the position of Algeria, Libya and Iraq as key opponents of the Sadar peace move is likely to have any real effect because as Opec has a remarkable record of managing to keep political squabbles between various members out of the business of fixing oil prices.

Postponement of a decision until next month could easily be handled by oil industry which has considerable experience of implementing retroactive price rises.

The Opec meeting in Bahrain will not be tackling oil pricing topics on its agenda, and any meetings that Dr Hernandez has with the Arab ministers will be on a strictly unofficial basis.

President Shultz Yannoush, Saudi Arabian Oil Minister, said his country concluded its initial oil price frozen in 1978.

He said he had not heard of suggestions for postponing the meeting in Caracas.

My Aunt Shaker Hammadi, Iraq's representative, was quoted in the Kuwaiti newspaper *Al-Watan* as saying proposals for a price freeze were unjustifiable because growth rates in consuming industrialized countries were increasing.

Dollar link: Mr Jack Bennett, senior vice-president of Exxon Corporation, said in New York that oil exporting countries had made no requests for a move away from the dollar as the chief currency for oil payments.

Receiver is appointed at Tri-ang Pedigree

By Richard Allen

A receiver has been appointed for Tri-ang Pedigree, the Merry Toy and pram company which was rescued by Airfix with the help of government cash in 1975.

The move was announced last night after Airfix, which owns 56 per cent of the equity, informed the Department of Industry, the other shareholder in Tri-ang, that it was not prepared to take up further shares in the company without further government support.

Once part of the failed Lines Brothers group, Tri-ang Pedigree came under the wing of Arab investors in 1975 which involved the Government by arranging up loans of £225m and agreeing to make grants of up to £10m to cover 50 per cent of losses.

Since then the Tri-ang management, Airfix and the trade unions involved have worked closely with the Government in trying to re-establish the company as a successful business.

Until the spring of this year progress was being made towards break-even, and Airfix in its annual report in March said that sales of the company had doubled and losses had been considerably reduced.

Since then, however, sales have fallen, and with no reasonable prospect of an improvement Airfix has said that it cannot continue to operate without further substantial cash assistance.

However, the Government has decided that no further help can be provided from public funds.

It is understood that Airfix have had to inform the Government as main debenture holder that trading could not continue.

The Government's involvement in the group came in May, 1975, when closure of the 400-worker company seemed imminent.

In decision then was heavily influenced by the closure of steelmaking at the Ebbw Vale plant.

Ironically, the skateboard craze which has stimulated the toy industry in recent months is thought to have been a big factor in Tri-ang's demise.

While overall sales have soared, sales of larger wheeled toys in which Tri-ang specialised have dropped substantially.

UK groups miss share in £1,250m telephone contract from Saudis

By Malcolm Brown

Saudi Arabia has placed a telecommunications contract worth more than £1,250m with a consortium of Dutch, Swedish and Canadian companies.

British companies failed to get any of the work. The award, for the extension of Saudi Arabia's analogue telephone network, has gone to a group which includes Philips of the Netherlands, L. M. Ericsson of Sweden, and Bell Telephone of

Canada.

An Anglo-American consortium including Western Electric, Plessey, Cable and Wireless and BICC bid for the project, to be the biggest ever undertaken in telecommunications.

Success in the Saudi Arabian contract would have been a major boost to British companies which are facing a thin domestic market for telecommunications equipment. Plessey said last night that it was disappointed.

There was some confusion last night over the precise size of the contract. It was suggested that, although the winning bid had been in the region of £1,250m, the size of the contract placed might in fact have been significantly higher.

A spokesman for Philips said that the largest part of the work—supply and installation of equipment—would be shared between the Dutch company and Ericsson. Bell would

operate and maintain it.

Plessey said last night that a factor which might have played a part in the awarding of the contract was that Ericsson was already a supplier to the Saudi Arabian telecommunications authorities.

Under the contract the consortium will install about half a million telephone lines in 72 cities and towns. When the project is completed, Saudi Arabia will have a total of 750,000 lines—about 25 lines for every 100 citizens in the big cities.

Work on the scheme is expected to take about three years. The Bell company said that the project would create about 500 new jobs for Canadians.

In brief

Minimum lending rate likely to stay at 7pc

The Bank of England yesterday made it clear that it wishes to see no reduction in its 7 per cent minimum lending rate before the new year.

With the possibility that this week's slight fall in yields on Treasury bills might open up room for a small cut in MLR after tomorrow's weekly Treasury bill tender, the Bank made its wishes clear to the discount houses by forcing a number of them to borrow a

Receivership law changes urged

The accountants also suggest that the receiver should have statutory power to obtain the statement of affairs and that he should be required to circulate a summary of it to creditors. A further recommendation is that a receiver's accounts should include a reconciliation with the statement of affairs and that this information should be available to creditors, the liquidator and the company.



Mr Joseph Cormley, president of the National Union of Miners (left), with Mr Callaghan, the Prime Minister, and Sir Derek Ezra, chairman of the National Coal Board, yesterday at the 300th lunch of the Coal Industry Society. Mr Callaghan told the gathering that the Government's £321m energy conservation programme would provide several thousand jobs.

Barclays selling its S African bonds

Barclays National Bank, the South African subsidiary of Barclays, is to sell its Rand 10m (£8,450,000) worth of South African defence bonds. Mr Bob Aldrich, managing director, said the bank had decided to "exchange" its investment in defence bonds "for higher yielding government stock".

Foreign profits from N. Sea

page 26

Financial Editor, page 27

Workers' Union; Mr David Harper, chairman of Storey Brothers of Lancaster; Mr Harry Harrison, chairman of Simon Engineering; Mr Kenneth Milliechip, senior partner in Joslyn Layton-Bennett & Co, Chartered Accountants; Mr Anthony Mould, chairman of the Seel House group; and Mr Arthur Ward, permanent director of the NEB's Northwest regional office.

Japan Line's loan plea

There is no case for protectionist measures against cheap non-leather shoes imported from Pacific basin countries because they cannot be produced in the United Kingdom, the Department of Trade has been told by the British Importers Confederation.

NEB names first of new regional boards

The National Enterprise Board announced yesterday the composition of the first of its new Regional Boards, for the Northwest. They are:

Mr J. L. Dickinson, former managing director of SKF (UK) who will act as chairman for an interim period; Mr Douglas Farrar, regional secretary of the Transport & General

Workers' Union; Mr David Harper, chairman of Storey Brothers of Lancaster; Mr Harry Harrison, chairman of Simon Engineering; Mr Kenneth Milliechip, senior partner in Joslyn Layton-Bennett & Co, Chartered Accountants; Mr Anthony Mould, chairman of the Seel House group; and Mr Arthur Ward, permanent director of the NEB's Northwest regional office.

£9m order for Wearside

Workers employed by Sunderland Shipbuilders on Wearside received a pre-Christmas bonus yesterday.

A share of a £9m liner contract worth about £9m which has been placed by the Unilever subsidiary, Palm Line. The order is likely to have attracted a subsidy of about £2m from the Government.

Montague L Meyer Limited

Interim Report

UNAUDITED GROUP RESULTS

	8 months ended 30th September 1977	6 months ended 30th September 1976	Year ended 31st March 1977
OVERHEADS	£'000	£'000	£'000
TURNOVER	121,000	106,000	223,000
TRADING PROFIT	10,602	11,059	22,436
Depreciation	(1,281)	(1,149)	(2,386)
Interest Payable	(2,436)	(1,958)	(2,380)
	6,905	7,951	14,552
Shares of Results of Associated Companies (Note 1)	565	(290)	(257)
PROFIT BEFORE TAXATION	7,470	7,861	14,295
Taxation (Notes 1 and 2)	(3,628)	(831)	(1,816)
PROFIT AFTER TAXATION	3,842	6,830	12,778
Extraordinary item			(648)
Minority Interests	(119)	(193)	(428)
PROFIT AVAILABLE FOR APPROPRIATION	£3,723	£6,637	£11,703
EARNINGS PER SHARE (Note 2)	6.8p	12.1p	21.4p

Note 1: The Group's share of the results of associated companies includes an extraordinary surplus of £248,000 on the disposal by the Hallam Group of Nottingham Ltd. of its Cabinet factory and the taxation charge includes £100,000 in respect of this item.

Note 2: Taxation is provided on the basis of a corporation tax rate of 52% for the full year and 50% of anticipated stock relief and capital allowances. This is in accordance with the Company's accounting policy for deferred taxation which was adopted in the accounts for the year ended 31st March, 1977. The taxation charge for the six months ended 30th September, 1976 has been restated to comply with the new basis.

Since September profitability has been maintained at a satisfactory level but the strength of sterling in relation to the currencies of some supplying countries may cause a temporary reduction in margins in the last quarter. However, some increase in demand is expected during 1978.

The dividends on the Preference and Preferred Ordinary Shares for the period absorb £5,000 (1976 £5,000). The Board has declared an interim dividend of 1.7p per share on the Ordinary Share Capital, which will absorb £928,000 (1976 1.3p per share which absorbed £709,000). Holders on the register on 9th January 1978 will be entitled to receive with the interim dividend a supplementary dividend of 0.04346p in respect of the year ended 31st March 1977. These dividends will be paid on 27th January 1978.

Britain's Leading Timber Group

Montague L Meyer Limited

Villiers House 41-47 Strand London WC2N 5JG Telephone 01-839 7766

Timber & sheet material distributors. Builders Merchants and retailers.

Manufacturers in related fields.

Germans alarmed as dollar slumps further

From Peter Norman

Bonn, Dec 14
The dollar tumbled to new lows against the Swiss franc and the Deutsche mark in hectic and confused foreign exchange trading today.

One dealer in Frankfurt described the day as "absolutely crazy" as currencies fell to record levels of 9 per cent in a move that was thought to have been coordinated with the German monetary authorities.

But foreign exchange dealers argue that a German bank rate cut will have only a marginal effect in restoring confidence in the United States currency. The sources of the dollar problem are regarded as being in

in afternoon trading at 2.07 francs.

The erratic weakness of the dollar is causing growing alarm in West Germany. The Federal Bank, in its latest monthly report which was published today, said that the effective revaluation of the mark had appreciably weakened the international competitiveness of German goods.

The Federal Bank also disclosed that it had absorbed DM19,000m of foreign exchange as a result of intervention by the central council of the Federal Bank in Frankfurt.

The meeting, which will also be attended by Otto Graf Lambsdorff, the Economics Minister, and Herr Manfred Lahnstein, the State Secretary in the Finance Ministry, is expected

to decide on a cut in the bank rate from 3.5 per cent.

Today the Belgian National Bank raised its bank rate by two percentage points to a record level of 9 per cent in a move that was thought to have been coordinated with the Belgian monetary authorities.

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Glenlivet board accepts new Seagram offer

By Ray Maughan

Glenlivet has won boardroom acceptance for its second bid, worth 247m, for Glenlivet Distillers. The cash price of 510p per share compares with the 440p per share value of its initial approach and included in the revised bid is an understanding

Total of 318 industrial and agricultural imports will benefit from April in 8-point package

Japan to cut tariffs by average of 23pc

By Caroline Atkinson
taken by Mr Fukuda the Prime Minister.

The Japanese government today announced details of tariff cuts on a range of industrial and agricultural goods. The cuts, which will be implemented from April 1, amount to an average 23 per cent reduction on a total of 318 items.

The present 6.4 per cent tariff on imported cars will be abolished, the 13.5 per cent tariff on computers cut to 10.5 per cent and the tariff on colour film cut from 16 per cent to 11 per cent. Together with a rise in quotas on some agricultural goods, these cuts are part of the eight-point package which these Japanese trade negotiators took to Washington this week.

As expected the extent of the reductions is quite limited, and will not go very far to help foreigners to penetrate Japanese markets.

Even the Japanese recognize that a much wider range of tariff cuts and a liberalization of agricultural imports would be required to satisfy their trading partners.

Strong opposition within Japan to any significant easing of import restrictions has limited the action which can be

taken by Mr Fukuda the Prime Minister. The pressure from America and Europe, and in particular its manifestation in terms of a higher yen may strengthen the hand of the Japanese government against domestic business and agriculture.

The major block to increased imports in Japan is its inefficient distribution system. Large mark-ups on foreign goods make them uncompetitive.

The sharp rise in the yen in the last few months is now having an effect on export profits and growth. In fact exports have been moving sideways rather than upwards recently.

With a floating exchange rate the Japanese are discovering that it is not possible for exports and imports to continue to grow at very different rates. The problem which has not been solved is how to boost the home economy and bring in more imports.

The Japanese are still extremely reluctant to allow manufactured imports to penetrate home markets. They are more likely to propose stockpiling raw materials to close their payments gap. The tariff cuts tend to be on goods where the Japanese believe they can fight off foreign competition.

EEC trade surplus talks start tomorrow

Michael Hornsby writes from Brussels: Japan's large surplus on trade with the EEC, and the measures planned by the Tokyo Government to reduce it, will be examined at talks in Brussels tomorrow between Mr Roy Jenkins, the President of the European Commission, and Mr Nobuhiko Ushiba, the Japanese Minister for Overseas Economic Affairs.

Announcing this to the European Parliament yesterday, Mr Jenkins said that the Japanese measures seemed "to go in the right direction", but just how far they did go would be the main question he would be raising with Mr Ushiba. This was a matter of "vital interest" for the Community.

But he has gone no further than an offer of improved tariff and quota arrangements and promises to stimulate the Japanese economy.

Union urges capital reconstruction to cut British Steel loss

By Paul Routledge
Labour Editor

A call to the Government to undertake a capital reconstruction of the financially-troubled state steel industry was made yesterday by the Transport and General Workers' Union which pledged "total opposition" to enforced redundancies.

IGWU, which has about 20,000 members in heavy steel, galvanizing, tinplate, construction and in non-ferrous grades, also insisted on a campaign to slash steel imports.

Transport union shop stewards and officials meeting in London drew up an 8-point programme which is designed

to be organised labour's contribution to the argument on how the industry should cut its huge losses, now running at around £500m a year.

A key item is that "the Government should act to improve the financial position of the BSC by reducing the debt burden". Union leaders say that interest payments are running at £212m a year and should be cut substantially.

British Steel has rejected this argument on the grounds that it would provoke retaliation in export markets, particularly the United States, which it would be seen as a Government subsidy.

Bonn aid for Saarland Steel

From Peter Norman
Bonn, Dec 14

The West German Government is prepared to provide financial assistance to help in the restructuring of the steel industry in the Saarland. Otto Gram-Lambertz, the economics minister, said today. But he made clear that any assistance would be conditional on the companies in the Saar producing a realistic concept for their new structure.

At present negotiations are under way to group the Saar steel works with the Arbed con-

cern of Luxembourg. It has been estimated that investments of between DM700m (£175) and DM800m will be needed to streamline the Saar steel industry and it appears that Bonn would be prepared to support the effort through giving guarantees and subsidizing interest rates.

Despite the gravity of the crisis in the German steel industry, the Cabinet concluded that it has a future in the medium to long-term. It agreed that a "beggar my neighbour" policy of subsidies in Europe was not the way to solve the industry's problems.

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BY THE FINANCIAL EDITOR

The spending spree at Trafalgar

Trafalgar House has more than lived up to expectations. Profits for the year to September are 38 per cent higher at £45.4m with "shipping, aviation, and hotels nearly doubling their contribution, but the shares at 144p are not on a rating for a growth stock, despite the fact that profits have trebled since 1972 and earnings per share have more than doubled. The yield of 5.4 per cent and p/e ratio of eight, is in fact, very close to the market average. There is a case to be made, therefore, that the price has not kept pace with events.

Opinion, however, is divided. An investment in Trafalgar House now is seen as a question of faith. Either the management can invest the cash flow which is flooding in profitably, or the growth will slow down leaving the group as a disparate mixture of diversified areas with no clear linking industrial logic.

Its past record on acquisitions is good. Cunard is held up as the best example of its flair. Criticism of that acquisition was as strong as it has been of the acquisition of Beaverbrook, and yet it has proved a strong earner.

Trafalgar supporters believe it can do the same in newspapers and publishing. Its detractors say that there was considerable good fortune in the success of Cunard and that Beaverbrook and publishing are very different propositions. But the scale of the new investment needs putting into perspective. So far Trafalgar's investment in Beaverbrook is limited to the £14m purchase figure. The risk in the context of a group which spent £85m on fixed assets last year and still reduced borrowings (down to around £200m at the year end) is not substantial. But whether the gains are potentially substantial is a different matter.

The group is determined to invest its cash flow. If it stayed still it would start paving main stream corporation tax by 1981. The management though is not so reason on its own for substantial spending. This alternative would be to build up the cash balances as has been done by GEC and look for a way of increasing the return to shareholders. Although the dividend was increased by 90 per cent with the rights issue it is now covered 3½ times by earnings and could stand to be substantially increased.

Growth by acquisition may allow the real return to grow faster. But organic growth for the current year looks assured, and so does the prospect of further acquisitions.

Property revenues are now coming through quite strongly and all sides of the contracting division, except for the specialist mining companies, did better last year. Housebuilding at last looks to be improving.

Guinness

The question of earnings quality

In marking Arthur Guinness shares down about 10p to 184p last year virtually static full year pre-tax profits of £39.5m were revealed. The stock market seems to have over-reacted. It is true that Guinness is becoming more difficult to assess. About 25 per cent of profits now come from non-brewing activities, and if adjustment is made for interest in investment borrowings, the bulk of which went into overseas brewing, the contribution is still higher.

Guinness has become a kind of mini-oligopoly. It embraces five sectors other than brewing and one of them, general trading, almost doubled its profits to £6.3m. Overseas turnover makes up 24 per cent of £495m total, with Ireland adding another 10 per cent. On the brewing side, it is the overseas markets—West Africa and South East Asia—which provide the growth. It is worth stressing that Guinness is the only United Kingdom brewer successfully to have diversified widely outside its home base.

The decline in brewing profits to £29.2m is attributed to especially poor results in Ireland, and price control and lower consumer spending in both Ireland and Britain. In fact, the alcoholic drinks sector as a whole is about the only one in which real spending has risen over the last year, but Guinness has suffered from being a relatively expensive product, and from a longer-term change in fashion reflected in its market-share falling for several years.

The market's uncertainty centres on the quality of Guinness's earnings. The Nigerian iteration, in which about 27m is currently being invested, has defied the critics and profits are continuing to rise. But it suffers

from high inflation and arbitrary price control, and there is always the fear of expropriation lurking in the background. The risk of acquiring the other companies in manufacturing, trading and retailing is not immediately obvious: eyebrows were raised at the announcement of a 51 per cent stake in DG Leisure Centres.

At about 5.9 per cent the yield is above average for brewers, and the shares are selling at about nine times earnings. On the assumption of much better consumer spending next year, some analysts are even forecasting £50m profits. But the doubts about the quality of earnings and the corporate strategy mean that investors might feel safer with a more generous yield margin over the sector average.

Gilts

The Bank calls for restraint

The threat to the Lib/Lab pact and talk of a November trade deficit had lopped 9.7 points off the FT index by midday yesterday. But the mid-afternoon news of a £218m November surplus quickly saw most of the lost ground recovered, while gilts finished the day with gains of up to 4. Whether that will prove enough to drum any great enthusiasm for the new short "tap" on offer this morning remains to be seen, but the Bank's signal that it is not looking for any drop in MLR before the holiday is hardly going to encourage those who might have been looking for a quick "turn".

Meanwhile, the gilt market should at least find the latest Bank of England Bulletin much to its taste. The fight to ensure that inflation continues to come down, and then stays down, is clearly top of the Bank's list of priorities. This, the Bank argues, requires that the formulation of monetary targets for next year, though allowing for real growth in the economy, should take account of the need for inflation to be reduced.

By inference, the Bank also argues for restraint in stimulating the economy. Stimulation through an increase in the Public Sector Borrowing Requirement, would be self-defeating, it says, if it led to excessive monetary growth which, in turn, forced up interest rates. There is no indication, however, as to the kind of PSBR figure that the Bank regards as the happy medium.

A point of interest to holders of the Government "floaters", incidentally, is that the Bank officially admits to having bought in stock (against sales of other stocks), helping the price to remain reasonably stable.



The new cider excise duty is having an even more catastrophic impact on Bulmer whose chairman is Mr Peter Prior (above) than even the company expected with a 14 per cent volume decline in the half-year to the end of October translating into a sharp pre-tax profits from £2.95m to £1.23m. For a group that is almost wholly dependent on one product and which has made only desultory efforts to expand overseas the operational gearing is necessarily high and while that has worked in its favour in the last few years the new turn of events has hit it with a vengeance.

Since last September the excise duty has added 28 per cent to selling prices which combined with two price increases in the latest reporting period has pushed up prices by some 45 per cent to a level where the earlier price advantage over beer or wine has been whittled away entirely and that has his off-licence sales in particular.

Despite a further 7.8 per cent price increase last month sales have got off to a better start this half though the 10 per cent increase seen in October has not been followed through since. So pre-tax profits may be only some £11m this year against last year's £3.9m for a fully taxed p/e ratio of about 11 at 124p.

Business Diary: Ansell's bitterest man • Food and the flag



Weetabix's Paul Amos: what's eating him?

Amos says, might not be able to interest such a group.

Weetabix is a family-owned private company with headquarters at Burton Latimer, Northamptonshire, and is the only British-owned major in the British breakfast cereal market.

About 12 per cent of production is exported and that share is increasing.

Amos says that Britain imports about £4,500m-worth of food a year and exports about £1,500m-worth, with the balance narrowing in Britain's favour.

Amos told Business Diary yesterday that many smaller firms who are not exporting much could sell more abroad to British food promotions which BFC organizes.

For example, Woodward's, a Canadian supermarket chain, will be pushing British foods for seven weeks next summer. Individual British manufac-

Economic notebook

Hand in hand down separate roads

After a period of blood-letting in the public sector, like that in 1976 when Cabinet ministers twice had to axe spending programmes, it is usual for Whitehall to rediscover the virtues of stability and continuity in the conduct of public expenditure. There is every indication that the annual expenditure White Paper, to be published in the middle of next month will reflect a fresh endorsement of these virtues.

How far in this direction the coming White Paper will go will soon be clear. But at the most senior level in the Treasury the view is that stability can best be achieved by public spending is modest. Opinion appears to be hardening in favour of a proposal that will limit the growth of public spending to about 2 per cent a year.

The choice of a 2 per cent growth path would, on the face of it, appear to be somewhat arbitrary. It is a little below the historical growth rate of the economy as a whole, and the attitude to the present preoccupation with reducing the tax burden and making more resources available to the private sector. But it also raises wider questions about the role of public spending as an instrument of demand management.

There has always been a conflict of objectives in public spending policy. On the one hand, the efficient provision of public goods and services requires a minimum of disruption. On the other, if public spending is to be used as a regulator of the economy, rising when business activity is

whether public spending ever can be effectively used as a regulator of demand management, even if it is thought that this should be a primary purpose. Indeed, since the report of the Pilkington Committee in 1951 it has frequently been argued that public spending was an exceedingly poor instrument of demand management.

The problem is that, in the nature of government expenditure projects, there are large time lags between the decision to make changes to planned spending and the execution of such decisions. It can take one or even two years to get a project off the drawing board and into the construction stage. By this time, an economy that might have been in recession may already have recovered.

While it may take rather less time to run down a project, this cannot be done overnight. A bridge cannot be half built, neither can new factories be abandoned at a dangerous state of construction.

This has led many people to argue that while it is never too early to begin in the past to use public spending as a counter-cyclical instrument for managing the economy it has not in practice been successfully used as such.

As an extension of this position it is usually argued that tax cuts are a far superior method of stimulating the economy, because their effect is more immediate. This is also a view shared by senior Treasury officials.

However, the argument is not as clear-cut as it sometimes presented. For one thing, there is no guarantee that individuals will spend the extra income resulting from the tax cuts.

What has surprised many economists in the past few years is the high level of household savings. Tax cuts may simply end up in Post Office savings accounts or building society deposit accounts.

Furthermore, even when tax cuts lead to higher spending, there may be a tendency to buy imported goods or goods that are produced by capital-intensive methods and therefore create few extra jobs.

Public spending tends to lead to more employment, and fewer imports than tax cuts, at least in its first-round effects.

So where does this leave the argument for using public spending as a regulator of demand management? To some extent, the answer depends on the wider policies being pursued by the Government at the time and the prevailing constraints on the economy.

For better or for worse, the Chancellor and his advisers now believe that the tax burden is too high. In support of this case they observe that a married man on average earnings will this year be paying about 22 per cent of his earnings in tax, compared with a man in 1960. If he were earning only two thirds of the national average he would still be paying about 16 per cent of his income in tax, compared with less than 5 per cent in 1960.

The consequence of this is that public expenditure has risen steadily as a proportion of national output. On present projections the proportion in the financial year 1978-79 will be about 43 per cent.

If the tax burden is to be reduced, then public expenditure will have to grow more modestly for a time. Mr Healey is on record as saying that once the tax burden has been reduced he hoped that public expenditure can be allowed to grow as fast as national output in general.

This is fine as long as steady growth in the overall economy can be sustained. But it would be excessively rigid to rule out the rather faster growth of public spending if the economy fails to perform as well as expected.

A moment's reflection reveals why. For, under these circumstances a fall in overall economic activity would, by dint of the rigid growth relationship between the private and public sectors, mean that government spending would also have to be cut.

By contrast, when overall economic activity was at a high level, government spending would similarly be permitted to rise.

In a nutshell, instead of public spending being used in a counter-cyclical fashion, according to Keynesian prescriptions, it would accentuate the booms and troughs of the business cycle.

This is surely not what the Treasury can really be proposing. Of course, it is valid to ask:

Mervyn Westlake

under the Leyland Supercover warranty scheme.

This follows the experiences of a Newcastle man who bought a TR7 sports car, one of Leyland's prestige models, in June last year. He had various problems with it and subsequently followed the Supercover advice and wrote to the managing director of Leyland Cars, Derek Whitaker. Mr Whitaker was pleased to deal with such matters with the said quickness and efficiency.

The owner's dissatisfaction, however, spurred him to complain to the ASA, which has upheld the complaint because of the lack of evidence that any "effective action" was taken by Leyland.

Westabix's Paul Amos: what's eating him?

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Pension funds: rich uncle or Aunt Sally?

On the day of the publication of the interim report of the Wilson committee on financial institutions, John Whitmore and (below) Nicholas Hirst

look at some of the organizations and men who manage hundreds of millions of pounds

prices of British company securities quoted on the Stock Exchange. For the rest, their money is largely in property (and property finance) and in short-term liquid assets.

Given the size of these assets and the prospect of further strong growth in net cash flow it is hardly surprising that the pension funds and the life assurance industry have been attracting increasing attention.

Their power is wondered at, their accountability questioned, their funds covered.

Indeed, with or without the Wilson committee, the issue of the institutions would still be a live one, quite simply because big as they already are, they are going to grow still bigger with the course of time.

One area that has already been the subject of much public and political debate has been that of control over pension fund resources. So far there has been much opposition, not least among pension fund members themselves, to the idea that trade unions should automatically nominate candidates for election to pension fund boards by pension fund members.

Further areas of debate concern the role of the funds in the economy, both in terms of the percentage of savings they draw from the economy and the way in which the money is invested. Should the funds be left to increase their domination of industrial ownership? Should they be encouraged to invest more money overseas? Should they be encouraged to provide long-term capital for the building societies?



Men of power? A quartet of pension fund managers (left to right): Mr Alfred Singer of the Post Office; Mr Raphael Langham of Unilever; Mr Roger Kitson of Hill Samuel; Mr Kenneth Smith of Reed International.

What the men with the money think

that money would either go in a new investment of its own accord or the investment would not be worldwide. Neither does he think that pension funds had the power Sir Harold Wilson thought they had.

There would be power if there was just one pension fund. But I think it unlikely that in general we have one or two or three per cent of any one company as on our own we have no real power. If all the pension funds spoke with one voice, then we would have power, but clearly we do not."

"I am strongly in favour of employee involvement in schemes. I believe they are the best people to look after their own and their colleagues' money."

"The one thing he does not believe is that they will push investment into unproductive areas for political means."

What evidence there is suggests that employee representatives are concerned that decisions are made on commercial grounds. A recent decision by an investment manager of one of Britain's largest private funds to reduce holdings in South Africa was extensively questioned by the trustees to establish that it had been done for reasons of prudence, not politics.

There does not appear to be a conflict between social conscience and maximization of investment, says Alfred Singer, chairman of the trustees of the largest fund in the United Kingdom—the Post Office Staff Superannuation Fund, which has 500,000 members and assets of £120m.

He believes it was right to subscribe to Finance For Industry and the Equity Bank because they were specialized funds which could seek out the right growth opportunities.

"I would not dismiss the TUC idea," he said. "If it were a genuine attempt at full development of new industries then we would want to know more about it."

Others are less keen. Raphael Langham, deputy pensions officer at Unilever, which has £2,000 Unilever pension members in a £300m fund, believes

LONDON SHOP PROPERTY TRUST LIMITED

Sir Cyril Black reports on the year ended 30th April 1977

Results for the year

	1977	1976
Profit before tax	£ 538,079	£ 500,604
Cost of Dividends	378,395	374,502
Shareholders funds	10,741,757	9,740,303

- Property revenue up from £1.21M to £1.26M.
- Property and investment trading increased from £196,000 to £342,000.
- Income from Associated Companies rose to £178,000 from £61,000.
- Shareholders funds £10.7M compared with £9.7M.
- During first eight months of calendar year 1977 rental increases arranged amounting to about £220,000

GUINNESS

Preliminary Announcement of
Profits and Dividend
52 weeks ended 24th September, 1977

	Notes	1977 £'000	1976 £'000
TURNOVER	1	398,849	413,878
PROFITS			
TRADING PROFIT	2		
Brewing		29,173	31,261
Confectionery		293	487
General Trading		6,297	3,499
Leisure		576	126
Plastics and Materials Handling	3	2,502	980
Property		137	157
Interest charges		38,978	36,158
Investment income		32,645	30,089
Share of profits of associated companies	4	5,818	8,306
PROFIT BEFORE TAXATION	5	29,450	39,312
Taxation		18,236	18,198
PROFIT AFTER TAXATION		21,214	21,114
Minority interests		2,936	2,203
Extraordinary items	6	18,278	18,911
PROFIT ATTRIBUTABLE TO STOCKHOLDERS' DIVIDENDS		16,131	16,221
RETAINED PROFIT OF THE GROUP		6,051	5,348
EARNINGS PER 25p STOCK UNIT		10,080	10,873
		21.3p	22.2p

PROPOSED FINAL DIVIDEND FOR 1977

The Directors propose a payment on 10th February, 1978 of a final dividend of 4.6387p per 25p stock unit.

The proposed final dividend together with the associated tax credit is equivalent to 7.0283p (6.3391p) making a gross equivalent of the total dividends for the year 10.6330p (9.6683p). This represents an increase of 10%, compared with last year which is the maximum permissible under the current counter-inflation legislation.

NOTES

1. The following table analyses turnover by sales to customers located in each territory:

	1977 £'000	1976 £'000
United Kingdom	20,919	16,159
Republic of Ireland	1,477	1,309
Overseas	123,224	109,321

2. (a) Trading profit is after charging depreciation of £10,643,000 (£9,737,000) and profit sharing scheme £1,681,000 (£1,869,000).

(b) The following table shows the trading profit of holding and subsidiary companies resident in each territory:

	1977 £'000	1976 £'000
United Kingdom (including exports)	21,444	15,625
Republic of Ireland (including exports to U.K. and overseas)	10,226	8,382

* Figures not comparable with previous years when the analysis was on the basis of profits attributable to sales in home and overseas markets.

(c) The increase of £1.4m in overseas trading profit includes £0.5m which can be attributed to the conversion of this year's profit at exchange rates which were more favourable than those used in converting last year's profit.

2. White Child & Beney Ltd. became a subsidiary of the Guinness Group on 14th February, 1977. In view of the short period between 14th February and 27th March, 1977, the date to which the interim results of White Child & Beney Ltd. were made up, the results of the plastics and materials handling division only include the figures for that company's second half year.

4. The attributable proportion of profits is included in respect of the following associated companies: Warp Lager Ltd., Cantrell & Cochrane Group Ltd., Guinness Ghana Ltd., Guinness (Nigeria) Ltd., Savoye Smith & Co. Ltd., Tamson Cider Co. Ltd. and associated companies of Morison Son & Jones International Ltd.

5. (a) Taxation includes deferred taxation and consists of:-

	1977 £'000	1976 £'000
Holding and subsidiary companies	5,725	4,223
Taxation arising in:-	5,672	4,070
United Kingdom	4,171	3,490
Republic of Ireland		
Overseas		

	1977 £'000	1976 £'000
Associated companies—share of taxation	15,566	13,833

(b) U.K. Corporation tax has been provided at the rate of 33% (53%).

6. Extraordinary items include charges relating to:-

	1977 £'000	1976 £'000
Revenue expenditure arising in connection with modernisation of Dublin brewery	2,259	1,374
Terminal costs mainly relating to non-brewing activities	591	605
Net loss from disposal of properties and investments and repayment of currency borrowings	306	343
Provision to write down premiums previously capitalised as goodwill on acquisition of shares in subsidiary companies	579	4,008
Less tax relief and minority interests	3,246	1,318

Summarised Group Balance Sheet at 24th September, 1977

	1977 £'000	1976 £'000
SOURCES OF CAPITAL		
Ordinary stockholders' equity	134,497	120,670
Deferred taxation, provisions and outside shareholders' interests	40,731	32,719
Loans	38,962	46,088

	1977 £'000	1976 £'000
EMPLOYMENT OF CAPITAL		
Fixed Assets	141,631	126,321
Goodwill	15,552	13,570
Investments	32,360	29,994
Net current assets excluding liquid funds	55,771	46,257
Cash and deposits	17,000	11,927

	1977 £'000	1976 £'000
Less bank overdrafts and short term loans	262,314	228,069
	28,124	28,592
	234,190	199,477

Extracts from the Chairman's Statement

GENERAL
Group turnover is up by 21%, but trading profit by only 8%. The source of profits has markedly changed this year, about 25% now coming from our non-brewing activities.

INFLATION ACCOUNTING

The approximate effect of applying the interim recommendation published by the Accounting Standards Committee on 4th November, 1977 would be to reduce the group profit before taxation by £14.5m (37%). This reduction arises from the deduction of £20.3m, representing additional depreciation of £12.2m and the cost of sales adjustment of £8.1m and the addition of a gearing adjustment of £5.5m.

DEFERRED TAXATION

The approximate effect of adopting the principles contained in the proposed statement of standard accounting practice on deferred taxation (ED19) would have been to reduce the Group's taxation charge by £5.0m (£2.7m) after allowing for Advance Corporation Tax of £1.2m (£0.7m) not immediately recoverable. After adjusting for minority interests earnings would have increased by £4.8m (£2.7m) to £23.1m (£21.6m) representing 26.9p (25.4p) per 25p Stock Unit.

BREWING

Trading profit in the Republic of Ireland fell by nearly £3.5m demonstrating the effects of a year's price freeze during times of inflation.

Sales in Great Britain, which had suffered during the exceptionally hot summer of 1976 showed a welcome recovery, checked however by the decline in people's spending power.

Our overseas brewing operations have produced another excellent performance. Our existing markets remain buoyant and we continue to explore new ones, with encouraging results.

GENERAL TRADING

Morison Son & Jones have again increased their profits overseas and continue to expand successfully in the home markets.

PLASTICS AND MATERIALS HANDLING

GPG and WCB have increased their profits substantially and are well poised to take advantage of any opportunities for further growth.

LEISURE

Our leisure interests in both cruising and holiday centres are expanding and we look forward to another record year in 1978.

Britons in employment take much larger proportion of personal incomes

How rewards are shared

Europa

Last month we showed the contribution of the service and manufacturing sectors to the Europa countries' incomes. This month we discuss how the division between people, companies and government stands before redistribution through taxes and benefits.

The bulk of national income goes to the personal sector—from about 75 per cent in Germany to 90 per cent in Italy.

The difference between the different sources of personal income shows even more variation. In Britain people in employment take a much larger share than in the other three countries. The high figure is partly because of the low United Kingdom figure for employer social security contributions; but, even if these are added, employment incomes take 66 per cent against less than 60 per cent elsewhere.

The convention is to count employer contributions as part of employment incomes, but no one—not even economists, do so when asked about their own salaries.

employment in other areas such as retailing.

Apart from this the personal sector now receives only a negligible reward from the investment it has made in government and industry. Only the United Kingdom still has any pretensions to being a capitalist economy. Even here net interest, dividends, etc., account for only about 5 per cent of the total.

Besides the incomes shown in the table, pensions and other social benefits amounted to 21 per cent of national income in France, Germany and Italy but only 12 per cent in Britain. The figures are not shown in the table because they are largely paid by the government out of taxation. However, in the United Kingdom about 15 per cent of national income is paid as pensions by insurance companies and pension funds in return for contributions and could, therefore, be included as a return of capital.

This would make the state benefit figure for Britain even

INCOME BEFORE DIRECT TAXES AND BENEFITS ⁽¹⁾	
Germany	France
%	%
Gross wages and salaries ⁽²⁾	43 40
Employers social security payments	10 13
Rent ⁽³⁾ and self employment	15 22
Net interest, dividends, etc.	3 2
Transfers to or from non-government sources	-1 n
Total personal sector	74 78
Companies and financial institutions	15 9
Government indirect taxes less subsidies	11 13
Government	9 7
Balancing item ⁽⁴⁾	1 n
£=less than 0.5%	

FINANCIAL NEWS

Caird plans production cut back after loss

By Ashley Drucker

Drastic surgery has been set in motion by space dyers and carpet printers Caird (Dundee) following on the warning in July last by Mr G. M. D. Drummond, chairman, that conditions were "very difficult". Hopes that the company could build up the level of carpet sales gradually as the year progressed and so to end the year on a more encouraging note have evidently failed to materialize.

It now reports a loss before tax swollen from £163,000 to £433,000 for the 26 weeks to September 24, while there is again no interim.

The outcome is that to improve liquidity and to enable the company to operate within its resources, manufacturing activities are to be reduced "substantially" to enable a drastic reduction in overhead costs. This, the chairman hopes, should stabilize the position so that advantage can be taken of any improvement in demand "which must inevitably come".

Generally, the upturn in the economy so widely predicted earlier in the year had not, as he feared, occurred. Demand for carpets had continued to lag behind productive capacity and prices had remained at an un-economical level. This situation was reflected in the latest half-year results.

He went on to say that the carpet industry is probably experiencing the deepest recession within memory.

Some £450,000 had been spent on plant and machinery in the previous year which, added to the pre-tax loss of £218,000, had been a drain of the company's working capital.

ANGLO AMERICAN CORPORATION GROUP TRANSVAAL GOLD MINING COMPANIES FINAL DIVIDENDS—FINANCIAL YEARS ENDING 31st DECEMBER 1977

On 14th December, 1977, dividends were declared in South African currency payable to members registered in the books of the undermentioned companies at the close of business on 30th December, 1977.

The transfer registers and registers of members will be closed in each case from 31st December, 1977, until the date when the dividend will be posted on the Johannesburg and United Kingdom offices of the transfer secretaries on or about 2nd February, 1978. Registered members paid from the United Kingdom will receive the dividend in United Kingdom currency and will be entitled to the full value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom or before 30th December, 1977.

The effective rate of non-resident shareholders' tax for the undermentioned companies is 40 per cent.

The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of company (all of which are incorporated in the Republic of South Africa) Dividend No. Rate of dividend per share

East Dagga Pionte Mine Limited 71 20 cents

East Rand Exploration and Mining 43 60 cents

Western Deep Levels Limited 32 47.5 cents

EAST DAGGA PIONTE MINING LIMITED The company has ceased mining operations and since 1974 no dividend has been distributed to members.

The dividend now declared represents a distribution to members from the year out of clearances of operations, sales of equipment and plant, and the company's share of revenues derived by certain outside parties under agreements as referred to in the quarterly report dated 2nd October, 1977.

The amount of these dividends by the company cannot be forecast at this stage.

THE SOUTH AFRICAN LAND & EXPLORATION COMPANY LIMITED The directors of The South African Land & Exploration Company Limited have decided that no dividend will be paid by this company for the year ending 31st December, 1977.

By order of the board ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LTD Secretary par: J. E. TOWNSEND Senior Divisional Secretary 44 Main Street, Johannesburg, 2001 P.O. Box 51857, Marshalltown 2107.

Office of the United Kingdom Transfer Secretaries Charter Consolidated Limited, 100, Bond St., 102, Chancery House, Park Street, London, EC2V 7EP, 15th December, 1977.

Montague Meyer and Phoenix find the going tough in timber

By Richard Allen

More evidence of the current tribulations of the British timber industry came yesterday via interim statements from Montague L. Meyer and Phoenix Timber.

Meyer's pre-tax profits are down only 2% to £7.47m after a sales increase of 14 per cent to £121m in the six months to September 30. But a major factor has been an £855,000 swing from loss to profit of £565,000 from associates, which includes a £248,000 surplus on a factory sale by Meyer's Hallam Group associate.

Mr John Meyer, chairman, said yesterday that the group's own timber business had held up particularly well and the figures compare favourably with those of last year, given the large element of stock profits in previous results.

However, he warns that the benefit of Meyer's spread of interests, makes no bones about the fact that the going is currently very tough.

Pre-tax profits in the half-

year to September 30 have been stopped from £1.4m to £520,000 on sales some 6 per cent lower at £17.6m.

The lack of stock profits which buoyed up last year's results have been a major reason but Phoenix reports that turnover and margins have come under pressure as the expected revival in the building industry has failed to materialize.

Trading results for the second half will depend substantially upon an upturn in building, signs of which have so far been few and far between.

On the dividend front, however, Phoenix after an interim of £3.03 gross is confident enough to predict a maximum permitted increase in the final payment to £4.3 gross. Meyer's interim payment goes up from £1.57 gross to £2.56 and there is also a supplementary of 0.043p in respect of last year.

Meyer's total last year was 6.35p gross.

Mr Alexander Gourvitch, chairman of Phoenix Timber.

Phoenix, however, without the benefit of Meyer's spread of interests, makes no bones about the fact that the going is currently very tough.

Pre-tax profits in the half-

Standard Bank to raise DM100m

Standard Chartered Bank is at present negotiating with Deutsche Bank as lead manager and Schroder, Wagstaff and European Banking as co-managers, a DM100m bond issue with a fixed life of 10 years.

The bonds will be listed on Frankfurt and Hamburg and are expected to carry a coupon of 6.1 per cent a year with an offer price at or near par.

Standard & Chartered is the largest independent British overseas banking organization with total assets as at March 31 1977 amounting to £7,553m.

Strikes slow down Durapipe Int

The interim results of Durapipe Internationals, the old Ilcledon & Lamberts group, include record profits but the second half is not so rosy. Mr J. F. Pearce, the chairman, says that the second half has been affected by unofficial strikes at both operating companies, in support of wage claims in excess of Government pay policy.

Although the stoppage at Ansell Jones was short, negotiations restricted to a small number of employees at the Durapipe subsidiary were protracted, and seriously affected deliveries in October, resulting in an operating loss for that month.

Mr Pearce concludes that results for the first full year are bound to be affected, but the record profit of £527,000 for the whole of last year should be beaten.

In the first half, pre-tax profits have jumped 52 per cent to £55.00m on turnover 44 per cent to £4m.

Mr Chapple says that Treasury permission to increase the dividend by 93 per cent has been given.

Dundonian up 57pc at halfway

With the solid base of its trading activities now augmented by the progressive development of its oil and mineral mining interests, Dundonian, public services, energy conservation and natural resources group, increased by 57.12 per cent to £50.542 for the six months to September 30, 1977. Historically the majority of Dundonian's annual profit is earned in the second six months and subject to unforeseen circumstances this year will be no exception with a "substantial increase" for the full year anticipated, says Mr Max Lewinsohn, chairman.

Mr Lewinsohn concludes that results for the first full year are bound to be affected, but the record profit of £527,000 for the whole of last year should be beaten.

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responsible for more

than one day's incorrect

insertion if you do not.

... Then shall we return, and

in-eru between the righteous and

the evill God and him that servill not. —Job 3:18.

BIRTHS

BARRATT.—On December 13th, at Queen Mary's, Newmarket, to

John Michael Alexander, a brother

of Rev Sarah and Caroline.

GRIMES.—On December 13th, to

Uma and Charles—another

son of Rev Sarah and Charles—

GRIFFITH.—On December 13th, to

John and Leonard, and Richard,

son of Rev Sarah and Richard.

HARTIGAN.—On December 9th, to

John and Margaret—another

son of Rev Sarah and Charles—

JOHNSON.—On December 13th, to

John and Linda—another

son of Rev Sarah and Charles—

LEWIS.—On December 13th, to

John and Linda—another

son of Rev Sarah and Charles—

MARSH.—On December 13th, to

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